

S P E E C H

OF

MR. BENTON, OF MISSOURI,

ON THE

RESOLUTION OF MR. EWING

FOR

RESCINDING THE TREASURY ORDER.

Delivered in the Senate, December, 1836.

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SPEECH.

The following resolutions, introduced by Mr. EWING, of Ohio, being at their second reading, viz:

"Resolved by the Senate and House of Representatives, &c. That the Treasury order of the eleventh day of July, anno Domini one thousand eight hundred and thirty-six, designating the funds which should be receivable in payment for public lands, be, and the same is hereby, rescinded.

"Resolved, also, That it shall not be lawful for the Secretary of the Treasury to delegate to any person, or to any corporation, the power of directing what funds shall be receivable for customs, or for the public lands; nor shall he make any discrimination in the funds so receivable, between different individuals, or between the different branches of the public revenue."

Mr. BENTON said it was unusual to oppose joint resolutions at their second reading; but he had given notice of his intention to oppose this resolution, not for the purpose of attempting to arrest its course, but to excite attention and discussion, and to lay the foundation for a motion which he intended to make, namely: to send the subject to a committee, and to make it the duty of that committee to inquire into the operation and effects of the Treasury order proposed to be rescinded, and into the conduct of the banks which affected to be crippled by it. This motion, and the scope and details of the inquiry, will be brought forward in due time.

The resolution consists of two clauses, the first clear, the second ambiguous. The rescission of the Treasury order, excluding paper money from the land offices, was the object of the first clause; but the second was without specification; and making no allusion to the constitutional currency, and imposing no obligation on the Secretary of the Treasury to use or employ it, it seemed to him that the whole revenues of the Government might be made receivable in paper money. *Funds* is the word used in the resolution; a word which has no place in our Constitution, nor in our legislation previous to the imposition of the paper system upon us, and which has no definite or legal meaning. It is a paper system phrase; and, in the jargon of that system, is understood to comprehend all sorts of paper credits and securities, and all sorts of currencies, which can be made available in the payment of debts, or in the support of credit. It is a wretched phrase to come into legislation, and ought to be substituted by something of clear and precise import. Gold and silver is the language of our Constitution; and to supersede them by the word "*funds*," is to banish them from our financial system, and to open the Treasury to the inundation of paper money.

In the observations which he should make upon these resolutions, Mr. B. said, he should not confine himself to a reply merely to the remarks of the Sen-

ator from Ohio, (Mr. Ewing,) but looking further back, and all around, and having due regard to what had preceded this motion, and which was indissolubly connected with it, he should treat the whole subject as it appeared before him, and as it had been exhibited to the public. He had especially in his eye a certain speech, delivered in Kentucky, in September last; and a certain letter, written in Philadelphia, in November last. Passages from each of these would be referred to at proper places; and, paying due attention to these givings out, and to all the signs which had been visible for some months past in the political zodiac, he could see distinctly that two great objects were proposed to be accomplished by the instrumentality of this joint resolution: *first*, the condemnation of President Jackson for a violation of the laws and constitution, and the destruction of the prosperity of the country; and, *secondly*, the overthrow of the Federal constitutional currency, and the imposition of the paper money system of the States upon the Government and people of the Union. In the first of these objects, the present movement is twin brother to the famous resolution of 1833, but without its boldness; for that resolution declared its object upon its face, while this one eschews specification, and insidiously seeks a judgment of condemnation by inference and argument. In the second of these objects, every body will recognise the great design of the second branch of the same famous resolutions of 1833, which, in the restoration of the deposits to the Bank of the United States, clearly went to the establishment of the paper system, and its supremacy over the Federal Government. The present movement, therefore, is a second edition of the old one, but a lame and impotent affair compared to that. Then, we had a magnificent panic; now, nothing but a miserable starveling! For though the letter of the President of the Bank of the United States announced, early in November, that the meeting of Congress was the time for the new distress to become intense, yet we are two weeks deep in the session, and no distress memorial—no distress deputation—no distress committees, to this hour! Nothing, in fact, in that line, but the distress speech of the gentleman from Ohio (Mr. Ewing); so that the new panic of 1836, has all the signs of being a lean and slender affair—a mere church-mouse concern—a sort of dwarfish, impish imitation of the gigantic spectre which stalked through the land in 1833.

That every thing might appear in its proper order, and every actor in this drama have his

proper place, Mr. B. would now introduce passages from the speech and letter to which he had referred, reserving other passages for introduction in other stages of the proceedings. And first from the speech:

"Mr. Clay proceeded to speak of the constant TAMPERING WITH THE CURRENCY, which marked the conduct of this administration. One rash, lawless, and crude experiment succeeds another. He considered the late Treasury order, by which all payments for public lands were to be made in specie, with one exception, for a short duration, a most ill advised, illegal, and pernicious measure. In principle it was wrong; in practice it will favor the very speculation which it professes to endeavor to suppress. The officer who issued it, as if conscious of its obnoxious character, shelters himself behind the name of the President.

"But the President and Secretary had no right to promulgate any such order. The law admits of no such discrimination. If the resolution of the 30th April, 1816, continues in operation (and the administration on the occasion of the removal of the deposits, and on the present occasion, relies upon it as in full force,) it gave the Secretary no such discretion as he has exercised. That resolution *required and directed* the Secretary of the Treasury to adopt such measures as he might deem necessary, 'to cause, as soon as may be, all duties, taxes, debts, or sums of money, accruing or becoming payable to the United States, to be collected and paid in the legal currency of the United States, or Treasury notes, or notes of the Bank of the United States, as by law provided and declared, or in notes of banks which are payable and paid on demand, in said legal currency of the United States.' This resolution was restrictive and prohibitory upon the Secretary only as to the notes of banks not redeemable in specie on demand. As to all such notes, he was forbidden to receive them from and after the 20th day of February, 1817. As to the notes of banks which were payable and paid on demand in specie, the resolution was not merely permissive; it was compulsory and mandatory. He was bound, and is yet bound, to receive them, until Congress interferes."

From the letter of Mr. Biddle to Mr. J. Q. Adams, Mr. B. read as follows:

PHILADELPHIA, Nov. 11, 1836.

"MY DEAR SIR: I proceed to the second subject of our conversation—the present state of the currency—which I shall treat dispassionately, as an abstract question of mere finance.

"Our pecuniary condition seems to be a strange anomaly. When Congress adjourned, it left the country with abundant crops, and high prices for them—with every branch of industry flourishing—with more specie than we ever possessed before—with all the elements of universal prosperity. Not one of these has undergone the slightest change; yet, after a few months, Congress will reassemble, and find the whole country suffering intense pecuniary distress. The occasion of this, and the remedy for it, may well occupy our thoughts.

"In my judgment, the main cause of it is the mismanagement of the revenue—mismanagement in two respects: *the mode of executing the distribution law, and the order requiring specie for the public lands.*

"Such a measure was of itself sufficient to disorganize the currency. But it was accompanied by another, which armed it with a tenfold power of mischief. This was the Treasury order prohibiting the receipt at the land offices of any thing but specie—an act which seems to me a most wanton abuse of power, if not a flagrant usurpation.

"The whole pecuniary system of this country, that to which, next to its freedom, it owes its prosperity, is the system of credit. Our ancestors came here with no money, but with far better things—with courage and industry; and the want of capital was supplied by their mutual confidence. This is the basis of our whole commercial and internal industry. The Government received its duties on credit and sold its lands on credit. When the sales of land on credit became inconvenient, from the complication of accounts, the lands were sold for what is termed cash. But this was only another form of credit; for the banks, by lending to those who purchased lands, took the place of the Government as creditors, and the Government received their notes as equivalent to specie, because always convertible into specie. This was the usage and may be regarded as the law of the country. By the resolution of Congress passed on the 30th of April, 1816 it was declared that "no duties, taxes, debts, or sums of money accruing or becoming payable to the United States as aforesaid, ought to be collected or received otherwise than in the legal currency of the United States, or Treasury notes, or notes of the Bank of the United States, or in notes of banks which are payable and paid on demand in the said legal currency of the United States."

"This resolution presents various alternatives—the legal currency, or Treasury notes, or notes of the Bank of the United States, or notes of specie paying banks. A citizen had a right to choose

any one of these modes of payment. He had as much right to pay for land with the note of a specie paying bank, as to pay it for duties at the custom-house. If this be denied, certainly any one of them might be accepted by the Treasury; but to proscribe all but one—to refuse every thing but the most difficult thing—to do this without notice of the approaching change in the fundamental system of our dealings—is an act of gratuitous oppression.

"If he prohibits the receipt of any thing but specie to correct land speculations, he may make the same prohibition as to the duties on hardware, or broadcloth, or wines, whenever his paternal wisdom shall see us buying too many shovels, or too many coats, or too much champagne—and thus bring the entire industry of the country under his control.

"It remains to speak of the remedy of these evils. They follow obviously the causes of them. The causes are the injudicious transfers of the public moneys, and the Treasury order about specie.

"The first measure of relief, therefore, should be the instant repeal of the Treasury order requiring specie for lands; the second, the adoption of a proper system to execute the distribution law.

"These measures would restore confidence in twenty-four hours, and repose in at least as many days. If the Treasury will not adopt them voluntarily, Congress should immediately command it."

From these documents, said Mr. B. and from the speech of the gentleman from Ohio, (Mr. Ewing,) the charges which are made against President Jackson, and on which this resolution is supported, and for which the rescission of the Treasury order is demanded, are, *first*, a violation of the laws; *secondly*, a violation of the constitution; *thirdly*, a destruction of the prosperity of the country. Mr. B. would join issue upon each of these charges, and take each by itself, and all in their turn: and first of the illegality. This charge was bottomed upon the alleged contravention of the joint resolution of April, 1816, for the better collection of the public revenue, and although partly set out both in the Kentucky speech, and in the Philadelphia letter, he preferred to read it entire, as the first part, though merely directory, yet was directory in the essential particular of showing who was to be the active agent in carrying the resolution into effect.

The joint resolution of 1816.

"That the Secretary of the Treasury be, and he hereby is, required and directed to adopt such measures as he may deem necessary, to cause, as soon as may be, all duties, taxes, debts, or sums of money, accruing or becoming payable to the United States, to be collected and paid in the legal currency of the United States, or Treasury notes, or notes of the Bank of the United States, as by law provided and declared, or in notes of banks which are payable and paid on demand, in the said legal currency of the United States; and that, from and after the 20th day of February next, no such duties, taxes, debts, or sums of money, accruing or becoming payable to the United States as aforesaid, ought to be collected or received otherwise than in the legal currency of the United States, or Treasury notes, or notes of the Bank of the United States, or in notes of banks which are payable and paid, on demand, in the said legal currency of the United States."

This is the law, continued Mr. B. and nothing can be plainer than the right of selection which it gives to the Secretary of the Treasury. Four different *media* are mentioned in which the revenue may be collected, and the Secretary is made the actor, the agent, and the power, by which the collection is to be effected. He is to do it in one, or in another. He may choose several, or all, or two, or one. All are in the disjunctive. No two are joined together, but all are disjoined, and presented to him individually and separately. It is clearly the right of the Secretary to order the collections to be made in either of the four *media* mentioned. That the resolution is not mandatory in favor of any one of the four, is obvious from the manner in which the notes of the Bank of the

United States are mentioned. They were to be received as *then* provided for by law; for the bank charter had then just passed; and the 14th section had provided for the reception of the notes of this institution until Congress, by law, should direct otherwise. The right of the institution to deliver its notes in payment of the revenue, was anterior to this resolution, and always held under that 14th section, never under this joint resolution; and when that section was repealed at the last session of this Congress, that right was admitted to be gone, and has never been claimed since.

The words of the law are clear; the practice under it has been uniform and uninterrupted from the date of its passage to the present day. For twenty years, and under three Presidents, all the Secretaries of the Treasury have acted alike. Each has made selections, permitting the notes of some specie paying banks to be received, and forbidding others. Mr. Crawford did it in numerous instances; and fierce and universal as were the attacks upon that eminent patriot, during the Presidential canvass of 1824, no human being ever thought of charging him with illegality in this respect. Mr. Rush twice made similar selections during the administration of Mr. Adams; and no one, either in the same cabinet with him, or out of the cabinet against him, ever complained of it. For twenty years the practice has been uniform; and every citizen of the west knows that that practice was the general, though not universal exclusion of the western specie paying bank paper from the western land offices. This every man in the west knows, and knows that that general exclusion continued down to the day that the Bank of the United States ceased to be the depository of the public moneys. It was that event which opened the door to the receivability of State bank paper, which has since been enjoyed.

Mr. B. then approached an argument which he deemed authoritative in this case: it was the 24th article of the Rules and Regulations of the Bank of the United States for the government of their branches. It was made since the passage of the joint resolution of 1816, and related to the collection of the revenue of the United States. It made short work with the notes of the specie paying banks of the States, excluding the notes of the whole of them from all branches of the revenue, except of such banks as might be situated in the same place where the branch bank was situated. The notes of these branches alone were to be received in payment; if the Secretary of the Treasury required others to be received, they would not be taken in payment, but merely noted as a special deposit at the instance of the Government. This is the article:

"ARTICLE XXIV.—The offices of discount and deposit shall receive in payment of the revenue of the United States, the notes of such State banks as redeemed their engagements with specie, and provided they are the notes of banks located in the city, or place, where the office receiving them is established. And also the notes of such other banks as a special deposit on behalf of the Government, as the Secretary of the Treasury may require."

Here, said Mr. B. is selection, a selection by which a few State banks, in no event exceeding those in twenty-five places, for there were never more than twenty-five branches—would have their

notes received, while the mass of the State banks amounting to many hundreds, were entirely cut off. The legality of this selection and exclusion has never been questioned; yet there are persons who deny to President Jackson the right of making the same selection; and who must stand before the public as denying to the President of the United States the power over the execution of the laws which they concede to the President of the Bank of the United States.

Mr. B. said, that it might well be supposed that he had now sufficiently repelled this charge of illegality. He certainly deemed the charge sufficiently answered; but he had other arguments yet to use; arguments belonging to that authoritative class to which he had alluded, and from which the gentlemen making the charge cannot be allowed to appeal. It would be recollected, he said, that about a dozen years ago a committee of the House of Representatives had been raised to investigate certain charges against the then Secretary of the Treasury, that hunted down and persecuted citizen, William H. Crawford. These charges happened to involve the point now in discussion, not as a charge, but incidentally and historically; and among the members of that committee there happened to be a gentleman who was the author of the joint resolution of 1816, who is now a member of this body, (Mr. Webster,) and who has signified an intention to speak in this debate. That committee made a report, purporting to be the unanimous opinion of the body; and from that report, an extract will now be read:

"At the time of the adoption of this resolution, (joint of 1816,) debts accruing to the United States, whether on account of the sales of public lands, or at the custom house, or from any other source of revenue, were in fact received in some parts of the country, but evidently in disregard of the law, in the notes of the State banks which did not redeem their paper by cash payments. By this resolution it was obviously made the duty of the Secretary of the Treasury to correct that departure from law as soon as practicable; and it was, as is equally obvious, imperative on the Department, after the 20th of February, 1817, to allow nothing to be received in payment of debts due to the United States, but the legal money of the United States, Treasury notes, notes of the Bank of the United States, or those of State banks, the notes of which were payable and paid on demand in specie. The Bank of the United States was incorporated in April, 1816, &c. In the early part of the year 1817, it is represented by the Secretary, and appears to be true, that an arrangement was made with the Bank of the United States, by which the public funds were to be deposited in the branches of that institution in all places where such branches existed, and where there were no such branches, that bank was to designate certain State banks for which it would be responsible, and in which such public moneys would be deposited; and notes of all banks which the Bank of the United States would receive in deposit as cash, AND NONE OTHER, were to be received on sales of public lands. It is further represented that, in the execution of this engagement, difficulties and controversies arose between the United States Bank and the State banks thus employed in receiving the deposits of the public moneys; and ere long, the Bank of the United States signified to the Department of the Treasury, that it could not continue such arrangement; and that thenceforward it could receive nothing in deposit, as cash, but the LEGAL CURRENCY OF THE COUNTRY, or its own notes. The agreement with the Bank of the United States terminated, for these reasons, on the 30th of June, 1818. About this period also, the Bank of the United States issued orders prohibiting its WESTERN branches from issuing any of their own notes for circulation, even in exchange for, or on deposit of specie." "That institution (the Bank of the United States,) is indeed bound to give the necessary facilities for transferring the public funds from place to place; but this can only mean cash funds; and it is bound also to receive money on deposit for the United States; but it is not bound to receive in deposit as cash, the bills of any bank whatever but its own, ALTHOUGH they may come within the provisions of the act of 1816."

This, Mr. President, continued Mr. B. was in

1824. It was eight years after the joint resolution of 1816 had passed, and two years after the author of the letter to Mr. Adams, which has been read, came to the presidency of that institution. It is, therefore, the report of transactions to which he was privy and party. The report speaks historically, in reciting an agreement between the Secretary of the Treasury and the Directors of the Bank of the United States, by which, among other things, the selection of the State bank notes receivable in payment of the public lands, was to be left to the Bank of the United States, and NONE should be so received except such as that bank would agree to credit as specie; that afterwards the bank receded from that agreement, and refused to receive ANY STATE BANK NOTES WHATEVER, taking nothing but gold and silver coin, and its own notes; and finally refused to issue its own notes in the WEST, even in exchange for specie! and thus left nothing but specie to be received; and after making these recitals, the committee conclude with the expression of their own opinion of the law, that the Bank of the United States was *not* bound to receive in deposit as cash, the bills of any State bank whatever, **ALTHOUGH THEY COME UNDER THE PROVISIONS OF THE ACT OF 1816.**

These are the recitals, and this the opinion of that committee; and certainly they are correct, both in the narration and in the judgment. What then becomes of this charge of illegality in the Woodford speech, and this letter to Mr. Adams, thus confuted and invalidated by the conduct of the bank itself? And what becomes of the pretended injury of all those western banks in having their notes excluded under an order from President Jackson, when they had been previously excluded for nearly twenty years under the orders of the President of the Bank of the United States? Why not complain before? Why not apply to Congress to rescind the order of the bank president, as they now apply for the rescission of the order of the President of the Union; and the politicians and presses which have lavished denunciations upon President Jackson, and wept salt tears over the wrongs of these banks, and the oppressions of the people, on account of the specie order, where were those tears, and those denunciations, when the President of the Bank of the United States gave previously the same order so many years before, and enforced it up to the day of the removal of the deposits? The fact is, and all the inhabitants of the new States know it, that local bank paper, with few and stinted exceptions, was excluded from all the land offices, from the establishment of the Bank of the United States down to October, 1833. During that long interval, scarcely any thing was received but specie, or United States Bank notes. Local bank paper was in a state of general and permanent exclusion almost the whole time, and the whole country was quiet and contented. No complaint; no charge of illegality; no cry of oppression; no pretext of ruin on the part of the banks; no lamentations and denunciations on the part of politicians. But the instant that President Jackson has done what the president of the bank did; the moment he has re-

stored things to their former footing, and put back local bank paper to the state of exclusion in which it had rested under the administration of both his predecessors, that instant the storm of rage and grief breaks out. A new impeachment must be got up; a new panic must be excited; the Senate Chamber is again to become the laboratory of alarm: and a new chorus must become the burden of the song—that the specie order made the distress, and nothing can relieve the distress but the rescission of the order, or *the recharter of the bank!*

Surely we have accumulated proof enough upon this point; surely there is no necessity for any thing to refute this charge, and to establish the legality of this Treasury order. But other proof is at hand, and though unnecessary, it shall be used. High as is the authority of the report of the committee of 1824, and close as it is to the point, there is yet higher authority, and still closer to the point, yet to be adduced; for it is the authority of the same author of the resolution, and that before the question was raised, and while the resolution was on its passage; and in which he not only understood them as shown afterwards in the report of the committee of which he was a member, but in which he went farther, and expressed his fear that the whole good effect of the resolution might be lost, if the TREASURY DEPARTMENT should not execute it precisely as that Department, under the splendid and beneficent administration of *President JACKSON* has done!

Extracts from Mr. Webster's speech in the House of Representatives, April 26, 1816, on the resolution offered by him for the more effectual collection of the revenue in the lawful money of the country.

"Mr. W. said, that he felt it to be his duty to call the attention of the House once more to the subject of the collection of the revenue, and to present the resolutions which he had submitted. He had been the more inclined to do this from an apprehension that the rejection, yesterday, of the bill which had been introduced, might be construed into an abandonment, on the part of the House, of all hope of remedying the existing evil. He had had, it was true, some objections against proceeding by way of bill; because the case was not one in which the law was deficient, but one in which the *execution* of the law was deficient. * * * The situation of the country, (said Mr. W.) in regard to the collection of its revenues, is most deplorable. With a perfectly sound legal currency, the national revenues are not collected in this currency, but in paper of various sorts, and various degrees of value. * * * It is quite clear, that by the statute all duties and taxes are required to be paid in the legal money of the United States, or in Treasury notes, agreeably to a recent provision. It is just as clear that the law has been disregarded, and that the notes of banks of a hundred different descriptions, and almost as many different values, have been received, and are still received, where the statute requires legal money or Treasury notes to be paid. * * * There are some political evils which are seen as soon as they are dangerous, and which alarm at once as well the people as the Government. Wars and invasions, therefore, are not always the most certain destroyers of national prosperity. They come in no questionable shape. They announce their own approach, and the general safety is preserved by the general alarm. Not so with the evils of a debased coin, a depreciated paper currency, or a depressed and falling public credit. Not so with the plausible and insidious mischiefs of a PAPER MONEY SYSTEM. These insinuate themselves in the shape of facilities, accommodation and relief. They hold out the most fallacious hope of an easier payment of debts, and a lighter burden of taxation. It is easy for a portion of the people to imagine that Government may properly continue to receive depreciated paper, because they have received it, and because it is more convenient to obtain it than to obtain other paper, or specie. But on these subjects it is, that Government ought to exercise its own peculiar wisdom and caution. It is supposed to possess, on subjects of this nature, somewhat more of foresight, than has fallen to the lot of individuals. *It is bound to fore-*

see the evil before every man feels it, and to take all necessary measures to guard against it, although they may be measures attended with some difficulty, and not without some temporary inconvenience. * * * The only

power which the Government possesses of restraining the issues of the State banks, is to refuse their notes in the receipts of the Treasury. This power it can exercise now, or at least can provide now for exercising it in reasonable time, because the currency of some part of the country is yet sound, and the evil is not yet universal. * * * But I have expressed my belief on more than one occasion, and I now repeat the opinion, that it is the duty of the Secretary of the Treasury, on the return of peace, to have returned to the legal and proper mode of collecting the revenue. * * * It can hardly be doubted that the influence of the Treasury could have effected all this. If not, it could have withdrawn the deposits, and the countenance of Government, from institutions which, against all rule and propriety, were holding great sums in Government stocks, and making enormous profits from the circulation of their own dishonored paper. That which was most wanted was the designation of a time for the corresponding operation of banks of different places. *This could have been made by the head of the Treasury better than by any body, or every body else.*

* * * This Government has a right, in all cases, to protect its own revenues, and to guard them against defalcation or bad and depreciated paper. It is bound, also, to collect the taxes of the people on a uniform system. * * * As to the opinion advanced by some, that the object of the resolution cannot, in any way, be answered—that the revenues cannot be collected otherwise than they now are, in the paper of any and every banking association which chooses to issue paper, it not for a moment be admitted. * * * The thing, therefore, is to be done; at any rate it is to be attempted. That it will be accomplished by the Treasury Department, without the interference of Congress, I have no belief. If from that source no reformation came when reformation was easy, it is not now to be expected. Especially after the vote of yesterday, those whose interest it is to continue the present state of things will arm themselves with the authority of Congress. They will justify themselves by the decision of this House. They will say, and say truly, that this House, having taken up the subject and discussed it, has not thought fit so much as to declare that it is *expedient even to relieve the country or its revenues from a PAPER MONEY SYSTEM.* * * * But while some gentlemen oppose these resolutions, because they fix a time too near, others think they fix a day too distant. In my own judgment, it is not so material what the time is, as it is to fix a time. *The great object is, that our legal currency is to be preserved, and that we are not to EMBARK ON THE OCEAN OF PAPER MONEY.* * * * I cannot say, indeed, that this resolution will certainly produce the desired end. It may fail. Its success, as is obvious, must essentially depend on the course pursued by the Treasury Department."

Having disposed of the charge of illegality, Mr. B. took up that of the unconstitutionality of the Treasury order. He read from the published speech of the Senator from Ohio, (Mr. Ewing,) as found in a revised form in the National Intelligencer, the specific allegation of this alleged unconstitutionality, which ran thus:

"There is a provision in the constitution directly in the face of this order. Those who drew up the order seemed to have been aware of it, and to have avoided employing the same words as are used in the article of the constitution. But it is not, therefore, any the less in violation of its provisions. The constitution declares that the citizens of each of the United States shall enjoy all the privileges and immunities of the citizens of the several States; even the States themselves cannot discriminate. But this order gives to the citizens of one State a privilege which the citizens of no other State are allowed to enjoy—that of paying for public land in the ordinary currency of the country. With some, this argument will have but little effect, especially as it is directed against an Executive act; but it is not, therefore, the less sound."

Mr. B. said there was an error in the quotation in this place, and not only in the quotation, but in the gentleman's head also. The constitution was erroneously quoted by the gentleman, and that error had pervaded his argument; and if followed out to its legitimate conclusions, would present a picture of the rarest absurdities and impossibilities. The quotation says, "the citizens of each State of the United States shall enjoy all the privileges and immunities of the citizens of the several States." The constitution said, *all the pri-*

ileges and immunities of citizens in the several States." The error of the quotation was in using the definite article *the*, and the preposition *of*; and this error unhinged the meaning of the clause, and conducted the argument off on a track which would lead into boundless confusion. The clause as it stands in the constitution is general and indefinite, clearly meaning that the States were to treat each other's citizens as members of the same General Government, and not as aliens. The quotation, and the argument upon it, gives individuality and particularity to this general right; and by giving to the citizens of each State the rights of the citizens of all the other States, abolishes at a blow all State lines, and makes one consolidated Government of the whole Union. Thus, by this reading, whatever any citizen can do in his own State, every citizen of every State in the Union may come there and do also; vote with him; hold offices with him, exercise licensed trades and professions with him; contend with him for the honors and emoluments of the State, without owing it allegiance, or paying it a tax, or residing within its limits. What scenes this would give rise to! What crusading visits, or visitations, at the successive elections! Whole States would precipitate themselves in masses upon their neighbors! Some zealous partisans, by aid of steam cars, and race horses, and flying chariots, might succeed in voting in every State in the Union! Suppose the gentleman was right, and this grand secret had been found out before the late Presidential election; what a moving flood of living heads we should have seen! such as has never been beheld since Xerxes crossed the Hellespont, or Peter the Hermit led his countless host to the Holy Land! But it will not do. The definite article *the*, and the preposition *of*, which figure in the gentleman's quotations, and rule his argument, are not in the constitution; and so, the citizens of every State are not to enjoy the rights and immunities of the citizens of every other State. Little Delaware is not to give two millions of votes at the next Presidential election! Pursuing his error, the gentleman says, the States, themselves, cannot discriminate between the rights of their own citizens, and those of other States. But we all know that they can, and that they do, discriminate. Every election proves it; every tenure of office proves it; many trades and professions prove it; the requiring, or dispensing with bail, proves it; the whole distinction between the foreign and domestic attachment is founded upon this discrimination. Truly, the gentleman must choose between his pride and his patriotism—between his speech and his country—for his error must be fatal to his argument, or fatal to the States.

Another breach of the constitution assigned by the gentleman from Ohio, (Mr. Ewing,) is the temporary discrimination between payments from settlers and speculators. He insists that all should have the privilege of paying in paper money. Now, the constitution of the United States does not recognise paper for money; it does not recognise the existence of such currency: it is in vain then to talk of violations of the constitution on such a point. Again: if it be unconstitutional to discriminate between revenue payments, then

Congress cannot do it; and yet Congress has done it, and that in relation to the lands themselves. In March, 1823, an act was passed to make the foreign gold coins of England, France, Spain, and Portugal, receivable in payment of the public lands. This was a discrimination, and an exception; for an act of 1819 had illegalized the circulation of foreign coins. But the discrimination which excites greatest complaint, is that between the classes of purchasers—between the settlers and the speculators.—What clause of the constitution is to be relied upon to favor these speculators? It is presumed it will be as hard to find their names, as the name of paper money in that instrument. But, in one respect at least, they seem to be in a favorable way: they are gaining new friends, and finding advocates and protectors in those who denounced and stigmatized them six months ago! They are now in the hug of those whose kicks they received a few short months ago. But there is a distinction, founded in the nature of things, and recognised by laws, between the settler and the speculator. One is a meritorious class, deserving the favor of all governments; the other is a pestilential and injurious class, discountenanced every where. The first report ever made under the Federal Government for the sale of our public lands, recognised this distinction. It was made by General Hamilton, Secretary of the Treasury, in the year 1790, and is explicit to the point. This is an extract from the report:

"That in the formation of a plan for the disposition of the vacant lands of the United States, there appear to be two leading objects of consideration; one the facility of advantageous sales, according to the probable course of purchases; the other the accommodation of individuals now inhabiting the western country, or who may hereafter emigrate thither.. The former, as an operation of finance, claims primary attention; the latter is important, as it relates to the satisfaction of the inhabitants of the western country. It is desirable, and does not appear impracticable, to conciliate both. Purchasers may be contemplated in three classes: moneyed individuals and companies, who will buy to sell again; associations of persons, who intend to make settlements themselves; single persons, or families now resident in the western country, or who may emigrate there hereafter. The two first will be frequently blended, and will always want considerable tracts; the last will generally purchase small quantities. Hence a plan for the sale of the western lands, while it may have due regard to the last, should be calculated to obtain all the advantages which may be derived from the two first classes."

Thus, said Mr. B. the discrimination between settlers and speculators, and between residents and non-residents, is as old as the first plan for the sale of the public lands; and with these distinctions the legislation of Congress has corresponded from that day down to the time when propositions were made for dividing the proceeds of the lands. Up to that day, pre-emptions were granted to settlers; since that day there has been a strenuous opposition to such grants. The new policy is, not to settle the country with meritorious farmers, but to fill the Treasury with paper money for distribution. Formerly settlers were favored; and hence the settled legislation of the country for above forty years. The statute book contains near fifty laws in favor of pre-emptions. They begin in 1792, and continue down to about 1830. Six or eight of these laws were applicable to the State of Ohio, and may easily be found under the head of "pre-emptions," in the volume of laws relating to the public lands. The pre-emption system, thus founded in a distinction resting on

the nature of things, recognised in General Hamilton's report, and practised upon for above forty years by Congress, makes two discriminations, one as to classes of purchasers; the other as to price. The pre-emptioner was a resident, he paid the minimum price, without competition at auction sales. Now, if these distinctions are unconstitutional, Congress could not make them; if they were unjust or unwise, forty years' legislation would not have recognised them. Sir, said Mr. B. the Treasury circular, in making this discrimination, only conforms to General Hamilton's report, to forty years' legislation, and to the common sense and common justice of all mankind. It has the sanction of reason, law, time, and precedent; and the only reason why it is attacked, is because we live in times when nothing that President Jackson can do, or not do, can escape attack!

Mr. B. having now fully answered, and, as he believed, entirely refuted the legal and constitutional objection to the Treasury order, would take up the other branch of the general charge, namely, the ruinous and pernicious effect of the order upon the banks, business, prosperity, confidence, and industry of the country. The news for all this approaching calamity was given out in advance in the Kentucky speech, and the Philadelphia letter, already referred to; and the fact of its positive advent and actual presence was vouched by the Senator from Ohio (Mr. Ewing) on the last day that the Senate was in session. I do not permit myself (said Mr. B.) to bandy contradictory asseverations, and debatable assertions, across this floor. I choose rather to make an issue, and to test assertion by the application of evidence. In this way I will proceed at present. I will take the letter of the President of the Bank of the United States as being official in this case, and most authoritative in the distress department of this combined movement against President Jackson. He announces, in November, the forthcoming of the national calamity in December; and after charging part of this ruin and mischief on the mode of executing what he ostentatiously styles the distribution law, when there is no such law in the country, he goes on to charge the remainder, being ten-fold more than the former, upon the Treasury order which excludes paper money from the Land Offices. Here is his picture of distress:

"The commercial community were thus taken by surprise. The interior banks making no loans, and converting their Atlantic funds into specie, the debtors in the interior could make no remittances to the merchants in the Atlantic cities, who are thus thrown for support on the banks of those cities at a moment when they are unable to afford relief, on account of the very abstraction of their specie to the west. The creditor States not only receive no money, but their money is carried away to the debtor States, who, in turn, cannot use it, either to pay old engagements or to contract new. By this unnatural process the specie of New York and the other commercial cities is piled up in the western States—not circulated, not used, but held as a defence against the Treasury; and while the west cannot use it, the east is suffering for the want of it. The result is, that the commercial intercourse between the west and the Atlantic is almost wholly suspended, and the few operations which are made are burdened with the most extravagant expense. In November, 1835, the interest of money has risen to twenty-four per cent.; merchants are struggling to preserve their credit by ruinous sacrifices; and it costs five or six times as much to transmit funds from the west and southwest, as it did in November, 1835, or '34, or '32. Thus while the exchanges with all the world are in our favor, while Europe is alarmed, and the Bank of England itself uneasy at the quan-

tity of specie we possess, we are suffering, because, from mere mismanagement, the whole ballast of the currency is shifted from one side of the vessel to the other."

"In the absence of good reasons for these measures, and as a pretext for them, it is said that the country has overtraded, that the banks have overissued, and that the purchasers of public lands have been very extravagant. I am not struck by the truth or the propriety of these complaints."

"Now the fact is, that at this moment, the exchanges are all in favor of this country—that is, you can buy a bill of exchange on a foreign country cheaper than you can send specie to that country. Accordingly, much specie has come in—none goes out; this, too, at a moment when the exchange for the last crop is exhausted, and that of the new crop has not yet come into the market—and when we are on the point of sending to Europe the produce of the country, to the amount of eighty or one hundred millions of dollars. How, then, has the country overtraded? Exchange with all the world is in favor of New York."

"The People of the United States, through their representatives, rechartered that institution. But the Executive, discontented with its independence, rejected the act of Congress, and the favorite topic of declamation was, that the States would make banks, and that these banks could create a better system of currency and exchanges. The States accordingly made banks; and then followed idle parades about the loans of these banks, and their large dealings in exchange. And what is the consequence? The Bank of the United States has not ceased to exist more than seven months, and already the whole currency and exchanges are running into inextricable confusion, and the industry of the country is burdened with extravagant charges on all the commercial intercourse of the Union."

"In the mean time, all forbearance and calmness should be maintained. There is great reason for anxiety—none whatever for alarm; and with mutual confidence and courage, the country may yet be able to defend itself against the Government. In that struggle my own poor efforts shall not be wanting. I go for the country, whoever rules it—I go for the country, best loved when worst governed—and it will afford me far more gratification to assist in repairing its wrongs, than to triumph over those who inflict them."

Here (said Mr. B.) is a woful picture of distress, drawn in the same colors in which the same pictures were drawn in 1833. But is it a true picture? and if it is true, what has caused it? To these questions the answers are plain; *first*, that the picture is not true, except in places where the Bank of the United States, and its affiliated banks, have power to make it so; and *secondly*, that whatever real distress is felt in some places, is occasioned by the deposit act of the last session, and the conduct of the banks acting with politicians and with the Bank of the United States. The general prosperity of the country is great; but there are places, Philadelphia, New York, and some others, where the withdrawal of money under the deposit act has occasioned a pressure, and where the policy to create distress, and to throw it upon the Treasury order, is seconded by the ability to accomplish what is desired. This is about the true state of the question; and evidence will be at hand to show it. Mr. B. said it would be remembered that when this resolution was called up a few days ago, he had specified his intention to obtain from the Treasury Department the comparative returns of many banks, both in the new States, where there were public lands, and in the Atlantic States, where there were none; and by looking into their condition before the Treasury order was issued, and since that order had gone into full operation, he would be able to see in what manner the banks had been affected by it. He had now obtained those returns. They, of course, were limited to the deposit banks; but being scattered over every State in the west, from the lakes to the Gulf of Mexico, and throughout the

Atlantic States from Maine to Georgia, the result which they would present could not be otherwise than a fair index to the general condition of the whole country. He had looked carefully over these returns, covering, as they did, eight large folio pages, and the result indicated, not only a good condition, but an improved condition; not only an ability to aid the community, but aid actually given. Mr. B. then went over the returns one by one, taking, for his points of comparison, the months of July and November; that is to say, the month before the order went into operation, and the latest month at which the banks had been heard from since. He examined them under the three heads of 1. Loans; 2. Specie on hand, and 3. Circulation; and the general results were, that the loans in November were larger than in July; the specie greater in November than July; the circulation in many instances not diminished, in some increased; and in most instances the specie on hand and the circulation brought to a nearer proportion to each other; insomuch that banks which had eight, ten, or twelve dollars of paper out for one dollar of silver in their vaults, in July, were now brought to the safer proportion of three or four to one in November. This was proof that the banks were not crippled. It was proof that they were not denying accommodations. The proof was complete as far as it went, and it went all over the Union, that these banks were not injured by the Treasury order, but were benefitted by it; it was proof that they were not only able and willing to assist the community, but actually had assisted them. On the other hand there might be banks which were not assisting the community, and which were accomplishing a pecuniary and a political object at the same time, by shutting their doors upon borrowers, and throwing them into the hands of money dealers at three per cent. discount per month. This was said to be the case in Philadelphia; that Philadelphia which was the seat of the new United States Bank, with her capital of thirty-five millions, which one short year ago was to make money so plenty in that State, and to reduce interest to five per cent. per annum. Three per cent. discount, equal to four per cent. interest, is now the rate of usury which prevails around her! And she can make it six or twelve per cent. per month whenever she pleases. Where banks have monopolized the currency, and become the dispensers of money, they can make interest, or usury, what they please. They have only to stop discounts, and throw the borrowers into the hands of usurers. Pretexts will never be wanting. Any thing that happens, or does not happen, will do. The removal of the deposits—the issuance of the Treasury order—or, the last year's snow. One thing is as good as another; for the banks themselves are the sole judges of their own reasons, decide without argument, and without appeal, and act upon the decision without mercy and without remorse.

This is now going on in some of the principal cities, where the deposit act, creating a real pressure, gives to the Bank of the United States and its affiliated institutions the power to do great

mischief. Of this power they avail themselves; but their sphere of action is limited, not general. Their victims are individuals, and not the Union. They destroy individuals, or, at most, isolated communities. At the most, they only do a Goliad business—kill the prisoners; that is to say, the debtors—a pen-full, or a pail-full, at a time. The debtor part of the community, where the powers of the Bank of the United States and its associates predominate, suffer severely and cruelly, but the remoter parts of the Union are safe. The Briarian arms of the monster no longer reach to the extremities of the Union. It can no longer strike down exchanges, sink the price of produce and property, and demolish merchants and traders, in the towns and cities of the south and west. The tragedy of 1833, now performing on the local theatres of some of the Atlantic cities, cannot be again extended to the country towns and remote States.

Mr. B. remarked, upon the statements in Mr. Bidle's letter; he chose to refer to that letter as being the revealed source of this proceeding against President Jackson, and the fountain from which all the arguments of the opposition are drawn; he remarked upon the statements in it, that it was the great transfer of specie to the west, which occasioned distress in the east; that much specie had gone to the west, and that NONE had been exported. Mr. B. said he had prepared himself with facts to reply to these two assertions. In the first place, a Treasury return which he held in his hand, showed that no more than \$1,463,656 in specie had been received at all the land offices under the Treasury order, and a like return showed that \$312,811 in gold, and \$4,123,004 in silver had been exported from the United States this year. Here then was an export of specie to foreign countries of *three times* the amount of that which went into the land offices; yet the public are to be told by the president of the bank bearing the name of the United States, that no specie had been exported!

It is in this way that the public is deceived, and that the Treasury order is made the pack-horse, to be loaded with every thing that can be heaped upon it. The export of four and a half millions of specie to foreign countries is called nothing—is said to be none—while one and a half millions, gone into our land offices, has upset the national ship, and deranged the business of a continent! One million and a half out of seventy-five millions has gone into the land offices. Who would feel it? How could it disturb the business of the country? And, especially, how could one million and a half, by going into the interior of our own country, do all this mischief, when four and a half millions, by going to foreign countries, is not felt or known? But there was another operation in specie of which Mr. B. had been informed, and which he should bring under the inquiries of a committee, if he should be so fortunate as to be allowed one, and which he mentioned now, not as evidence to convince the Senate, but as a ground for demanding a committee. His information was this: that in the month of September last, the merchants and bankers of New Orleans became

suddenly surprised at the mysterious scarcity of specie. It had vanished as if by magic. A meeting was held to know what had become of it; and it was ascertained that the Bank of the United States had collected and boxed up \$1,800,000 in that city, and refused a dollar of it to her creditors there! and that a bank holding \$300,000 of her notes, had to send them, and did send them, to Philadelphia to be cashed, at great expense; and, what was more material, at great loss of time, when the city was otherwise pressed for specie by the double cause of demands to supply the western land purchasers, and failure to receive the accustomed supplies from Mexico, on account of the Texan war. Here, then, was \$300,000 *more* taken out of circulation by the Bank of the United States in one month, than all the land offices received in four months; and if the fact was true, as related to him, the evidence was clear and incontestable, that this bank was itself making the scarcity and pressure which it has been falsely throwing upon the Treasury order, and upon President Jackson. Mr. B. asked no one to condemn the bank unheard upon this statement; but he also asked that no one would refuse to have it inquired into by a committee.

The real cause of the pecuniary pressure, and derangement of the exchanges, experienced in some of the large cities, exclusive of that created by some of the banks, was the deposit act of the last session. That act causes thirty odd millions of dollars, about fifteen millions of which is money appropriated to useful and essential objects, to be suddenly withdrawn from the vortex of business, and transferred to places where it must stagnate for some time before it can come again into active employment. Aware of this, and sensible that the public eye was fixed upon this act as the real source of a *bona fide* distress, the attempt is made to turn off the effect from the act itself, to the mode of its execution. It is not the transfer of these thirty odd millions, they say, which has done the mischief; but the manner of making the transfer! This (said Mr. B.) is a repetition of the old song about the removal of the deposits. It was not the removal, but the manner of the removal, which had done all the mischief in 1833. And when pressed to explain what was this mystical manner of acting, which was so magically calamitous, the solution was in the destruction of *confidence*. This was the solution then; it is the solution now; for the President of the Bank of the United States expressly declares, that the *instant* rescission of the Treasury order would restore *confidence* in twenty-four hours, and relief in as many days. This was the declaration during the whole panic of 1833; and its meaning then, and now, is the same; that the Bank of the United States and its affiliated institutions would cease scourging the country the instant the Congress would grant its president the victory and triumph which he demands over President Jackson! The six months' cry of session 1833-4, was, that the restoration of the deposits, or the recharter of the bank, would relieve the distress in twenty-four hours, and that nothing else ever could relieve it. Now it happens, that the test of

time, and the letter of the President of the Bank of the United States, has shown that this cry of six months' duration was entirely erroneous; for the distress did cease, and unbounded prosperity has ensued; while the only condition on which this was to take place has never happened; the deposits are not restored; the bank is not rechartered; the distress did cease; unexampled prosperity has ensued; which is attempted to be interrupted again by those who interrupted it then.

Mr. B. said, the deposit act was the offspring of the land bill, and became the substitute for it. That bill had passed the Senate before the deposit bill was brought in, and, so far as the Senate was concerned, had made a previous disposition of the same money. That bill was carried through the Senate by the votes of those who are considered as the tutelary deities of the merchants and bankers on this floor; yet the disposition which it proposed to make of what was called the proceeds of the sales of the public lands, was ruinous to the banks and the merchants of the great Atlantic cities. It made a call for money, and a distribution of money, which must have driven every debtor to these banks to the immediate payment of every shilling which he owed in any deposit bank; and would have produced a pressure and consternation which would have pervaded the whole moneyed system, and the whole business community of the places where they were. This is the provision of the bill. It is the third section, in the form in which it passed the Senate, and went to the House of Representatives.

"SEC. 3. *And be it further enacted*, That the several sums of money received in the Treasury as the nett proceeds of the sales of the public lands for the years eighteen hundred and thirty-three, eighteen hundred and thirty-four, and eighteen hundred and thirty-five, shall be paid and distributed as aforesaid, at the Treasury of the United States, one fourth part on the first day of July, eighteen hundred and thirty-six, and one fourth part at the end of each ninety days thereafter, until the whole is paid, and those which shall be received for the years eighteen hundred and thirty-six and eighteen hundred and thirty-seven, shall also be paid at the Treasury half-yearly, on the first day of July and January, in each of those years, to such person or persons as the respective Legislatures of the said States shall authorize and direct to receive the same."

Now, (said Mr. B.) let any banker or merchant of the great commercial cities, count up the sums which would have been payable in the short period of nine months under this act. They would have been these: eighteen millions and three quarters of a million of dollars, on the 1st day of July last; six millions on the 1st day of October last; eighteen millions and three quarters on the 1st day of January next; and six millions on the 1st day of April next; amounting in the whole to forty-nine and one-half million of dollars; for such was the amount of the proceeds of the sales of the public lands for the years mentioned up to 1836. But the section also included the proceeds of the sales for 1837, which were to be divided out on the first days of July 1837 and January 1838. Their

amount cannot be known so as to be added. The Secretary of the Treasury, on the basis of hard money payments, estimates them at five millions of dollars; but if these resolutions pass, and the notes of all the banks in the Union become receivable for public lands, the whole national domain may be swept. Every acre may be changed into paper, and that paper be added to the mass of the unavailable funds now in the Treasury.

Mr. B. deemed it right to bring these facts to the recollection of the Senate, and to place them before the eyes of those who looked upon the authors of such measures as their peculiar protectors. That third section of the land bill would have been desolation to the great cities; it was opposed as such on this floor; yet it passed this chamber, but hung in the House of Representatives until the deposit bill was passed here and sent down to supersede it. That deposit bill, which proposes only thirty odd millions for abstraction from the great channels of commerce, is, in reality, crippling banks and merchants and distressing the great cities. What, then, would it have been, if forty nine and a half millions had been taken from them in the short space of nine months? And what would have been its effect upon the Treasury of the United States? Bankruptcy! For it is now seen that there will be in the Treasury on the first of January next, but about forty-one million of dollars, and that inclusive of fifteen millions of unexpended balances, applicable to objects of great necessity, and not completed. Let these facts and these views be kept in mind, whenever the land bill and the deposit act are mentioned.

Mr. B. had a question to put to the defenders of the banks which affected to be crippled and half killed, and unable to lend a dollar, on account of this Treasury order. It was this: How comes it that these banks never felt a wound, nor uttered a complaint, during the many years in which their paper was excluded from both branches of the revenue of the Federal Government, by the by-laws of the Bank of the United States? Mr. B. had read, for another purpose, the 24th article of the by-laws of this corporation, by which the notes of all the local banks of the Union were excluded from receivability in any revenue payment whatever, except the notes of the specie-paying banks in the same city or place where the branch bank was situated. He would now read the 25th article of the same bank code, which would show that this exception in favor of the local banks in the same place with the branch, was of no advantage to them, but the contrary, as it merely amounted to a collection of their notes for immediate convertibility into coin. The article is in these words:

"ARTICLE XXV. The offices of discount and deposit shall, at least once every week, settle with the State banks for their notes, received in payment of the revenue, or for the engagements of individuals to the bank, so as to prevent the balances due to the office from swelling to an inconvenient amount."

Here said (Mr. B.) is the condition of the whole catalogue of State banks, during the days of the reign of the Bank of the United States. All excluded from revenue payments, both land and customs, except those in the twenty-five places where branch banks were situated, and the few

thus excepted called upon for the weekly redemption of their notes. This, in fact, was an exclusion of their paper, and a receipt of their specie alone, and worse to them than a total exclusion; for the nominal reception would cease then to be taken out of the channels of circulation, brought to the branch to meet revenue payments, and thence sent back to their own counters for redemption in coin. And this continued to be the case down to the day of the removal of the deposits. Yet these banks never affected to be unable to do business in this long state of total exclusion from all revenue payments by the power of the Bank of the United States. It is only when one half of the same thing is done by President Jackson that they pretend to be ruined. Mr. B. said it was time for the public to mark the conduct of banks, and to discriminate between those which maintained their course as moneyed institutions, and those which were nothing but shaving shops and political engines. Many banks had so acted as to prove that they were at the beck and nod of politicians, and subservient to the mischievous designs of the Bank of the United States. They were ready to close their doors upon borrowers, at the approach of the elections, and to storm Congress with petitions in favor of any movement of the Bank of the United States. Who can forget their petitions at the veto session, and at the panic session, in which they stooped so low as to pray to have the Bank of the United States kept in existence to rule over them, and prevent them from issuing more notes than they could pay? Who can forget their refusal to receive the public deposits, when that refusal was necessary to help out the Bank of the United States in its attempts to embarrass the Government, and to injure the country? These things, and many others, must be remembered, and marked; and the community and the Government must learn to discriminate between institutions which conduct themselves on business principles, and those which are at the service of politicians, whenever a political effect is to be produced, and at the service of a revengeful institution, whenever it suits her policy to have a panic in the country.

Mr. B. referred to the general state of the country, to prove its general prosperity; he referred to the high prices paid for every thing, to prove that money was not scarce except to those whose engagements compelled them to repair to the banks; he referred to the rates of exchange in the south and west, to prove that the exchanges of the country were good wherever they were beyond the reach of the Bank of the United States; and he stated the contents of letters in his possession from presidents and cashiers of banks in Ohio, Mississippi and Louisiana, to show that there was but one objection to the Treasury order, and that was, that it had not been issued early enough!

Having vindicated the Treasury order from the charges of **ILLEGALITY** and **UNCONSTITUTIONALITY**, and shown that it had not been **RUINOUS** to the country, Mr. B. said he would proceed to show the **REASONS** for which it had issued, and the **BENEFITS** which had resulted from it. President **JACKSON**, it was known, in the exercise of his high constitutional duty to see

the laws of the country faithfully executed, had directed the issuing of this order. He stood before the country as its responsible author. As such he had been denounced. As such he was charged with violating the laws, and constitution, and destroying the prosperity of the country. As such he is calumniated in the Philadelphia letter, which calls this order, "*the revenge of the President upon Congress for passing the distribution bill.*" As such, another condemnation, for the gratification of discomfited politicians and a dethroned national bank president—another victory in the Senate Chamber for those who have been defeated at the polls—is now sought against him in this attempt to rescind that order. Under such circumstances it is not only right that he should find defenders, but that he should be heard also in his own defence. Mr. B. would, therefore, refer to the annual message, delivered at the opening of this session of Congress, and point the attention of the Senate, and the country, to the whole of that profoundly wise, transcendantly patriotic, and paternally beneficent, part of the message which relates to the general currency, and to the national domain.

Extract from the President's Message.

"I beg leave to call your attention to another subject intimately associated with the preceding one—the currency of the country.

"It is apparent, from the whole context of the constitution, as well as the history of the times which gave birth to it, that it was the purpose of the convention to establish a currency consisting of the precious metals. These, from their peculiar properties, which rendered them the standard of value in all other countries, were adopted in this, as well to establish its commercial standard, in reference to foreign countries, by a permanent rule, as to exclude the use of a mutable medium of exchange, such as of certain agricultural commodities, recognised by the statutes of some States as a tender for debts, or the still more pernicious expedient of a paper currency. The last, from the experience of the evils of the issues of paper during the revolution, had become so justly obnoxious as not only to suggest the clause in the constitution forbidding the emission of bills of credit by the States, but also to produce that vote in the Convention which negated the proposition to grant power to Congress to charter corporations; a proposition well understood at the time as intended to authorize the establishment of a national bank, which was to issue a currency of bank notes, on a capital to be created to some extent out of Government stocks. Although this proposition was refused by a direct vote of the Convention, the object was afterwards in effect obtained by its ingenious advocates, through a strained construction of the Constitution. The debts of the Revolution were funded, at prices which formed no equivalent compared with the nominal amount of the stock, and under circumstances which exposed the motives of some of those who participated in the passage of the act to distrust.

"The facts that the value of the stock was greatly enhanced by the creation of the bank; that it was well understood that such would be the case, and that some of the advocates of the measure were largely benefited by it, belong to the history of the times, and are well calculated to diminish the respect which might otherwise have been due to the action of the Congress which created the institution.

"On the establishment of a national bank, it became the interest of its creditors that gold should be superseded by the paper of the bank as a general currency. A value was soon attached to the gold coins, which made their exportation to foreign countries, as a mercantile commodity, more profitable than their retention and use at home as money. It followed as a matter of course, if not designed by those who established the bank, that the bank became, in effect, a substitute for the mint of the United States.

"Such was the origin of a national bank currency, and such the beginning of those difficulties which now appear in the excessive issues of the banks incorporated by the various States."

"The effects of an extension of bank credits and over-issues of bank paper have been strikingly illustrated in the sales of the public lands. From the returns made by the various registers and receivers in the early part of last summer, it was perceived that the receipts arising from the sales of the public lands were increasing to an unprecedented amount. In effect, however, these receipts amounted to nothing more than credits in

banks. The banks lent out their notes to speculators; they were paid to the receivers, and immediately returned to the banks, to be lent out again and again, being mere instruments to transfer to speculators the most valuable public land, and pay the Government by a credit on the books of the banks. Those credits on the books of some of the western banks, usually called deposits, were already greatly beyond their immediate means of payment, and were rapidly increasing. Indeed, each speculation furnished means for another: for no sooner had one individual or company paid in their notes, than they were immediately lent to another for a like purpose; and the banks were extending their business and their issues so largely, as to alarm considerate men, and render it doubtful whether bank credits, if permitted to accumulate, would ultimately be of the least value to the Government. The spirit of expansion and speculation was not confined to the deposit banks, but pervaded the whole multitude of banks throughout the Union, and was giving rise to new institutions to aggravate the evil.

"The safety of the public funds, and the interests of the people, generally, required that these operations should be checked, and it became the duty of every branch of the General and State Governments to adopt all legitimate and proper means to produce that salutary effect. Under this view of my duty, I directed the issuing of the order which will be laid before you by the Secretary of the Treasury, requiring payment for the public lands sold to be made in specie, with an exception until the fifteenth of the present month in favor of actual settlers. This message has produced many salutary consequences. It checked the career of the western banks, and gave them additional strength in anticipation of the pressure which has since pervaded our eastern as well as the European commercial cities. By preventing the extension of the credit system, it measurably cut off the means of speculation, and retarded its progress in monopolizing the most valuable of the public lands. It has tended to save the new States from a non-resident proprietorship, one of the greatest obstacles to the advancement of a new country, and the prosperity of an old one. It has tended to keep open the public lands for entry by emigrants, at Government prices, instead of their being compelled to purchase of speculators at double or triple prices. And it is conveying into the interior large sums in silver and gold, there to enter permanently into the currency of the country, and place it on a firmer foundation. It is confidently believed that the country will find, in the motives which induced that order, and the happy consequences which will have ensued, much to commend, and nothing to condemn."

Mr. B. said it would be observed by the Senate that the reasons for issuing the Treasury order are introduced by the President under the head of *currency*, and not under the head of *public lands*; and that in his whole manner of treating it, the currency is the object, and the land the incident. The regulation of the currency is the great object; and as the lands, and not the custom house, was the exciting cause of the swollen, bloated, and diseased state of the currency, the remedy was directed to the lands, and not to the customs. All this is visible in the passages read. It is also visible in the original Treasury order itself, where the discouragement of the ruinous extension of bank issues, the preservation of the soundness of the currency, and the safety of the federal revenues, are distinctly and prominently set forth among the high inducements to its issue. Very rightly, then, did the Senator from Massachusetts (Mr. Webster) express himself on Thursday last, in the few remarks which he then made: very rightly did he declare this to be a currency question, and not a land question! a financial measure of the greatest moment and extent, affecting every interest and the whole Union! and rightly did he claim for it that high consideration which is due to a measure, not of sectional, but of national concern. The gentleman is right. The Treasury order is a regulation of the national currency, issued under the constitutional obligation of the President to preserve and protect the currency of the Federal Government, and exercised according to the manner pointed out by the author of the joint resolution of 1816, and accord-

ing to the manner, though not to the same degree, that the regulation of the currency was effected by the Bank of the United States during the whole period of its existence. The constitution recognises nothing for money but gold and silver. The President is the sworn protector, defender, and preserver of that constitution. To permit any part of its guaranties to be subverted and destroyed, is a dereliction of duty or a defect of vigilance in him. The joint resolution of 1816 does not grant, but recognises and enforces, his constitutional duties and powers over the preservation of the constitutional currency. The author of that resolution, in the speech from which I have read extracts—a speech abounding with just sentiments, recognises all this authority, and proclaims all this duty, of the President, as attributes of the Executive Government, existing anteriorly to his resolution; a measure only rendered necessary because these powers and duties had been neglected. Listen to him: "There are some political evils which are seen as soon as they are dangerous, and which alarm at once, as well the people as the Government. Wars and invasions, therefore, are not always the most certain destroyers of national prosperity. They come in no questionable shape. They announce their own approach, and the general safety is preserved by the general alarm. Not so with the evils of a debased coin, a depreciated paper currency, and a depressed and falling public credit. Not so with the plausible and insidious mischief of a paper money system. These insinuate themselves in the shape of facilities, accommodation and relief. They hold out the most fallacious hope of an easier payment of debts, and a lighter burden of taxation. It is easy for a portion of the people to imagine that Government may properly continue to receive depreciated paper, because they have received it, and because it is more convenient to obtain than to obtain other paper or specie. But on these subjects it is that Government ought to exercise its own peculiar wisdom and caution. It is supposed to possess, on subjects of this nature, somewhat more of foresight, than has fallen to the lot of individuals. It is bound to foresee the evil before every man feels it, and to take all necessary measures to guard against it, although they may be measures attended with some difficulty, and not without some temporary inconvenience. The only power which the Government possesses of restraining the issues of the State banks, is to refuse their notes in the receipts of the Treasury. This power it can exercise now, or, at least, can provide now for exercising it in reasonable time, because the currency of some part of the country is yet sound, and the evil is not yet universal. But I have expressed my belief on more than one occasion, and I now repeat the opinion, that it was the duty of the Secretary of the Treasury, on the return of peace, to have returned to the legal and proper mode of collecting the revenue. This Government has a right, in all cases, to protect its own revenues, and to guard them against bad and depreciated paper. As to the opinion advanced by some, that the object of the resolution cannot in any way be answered; that the revenues cannot be collected otherwise

than they now are, in the paper of any and every banking association that chooses to issue paper, it cannot, for a moment, be admitted. The thing then is to be done; at any rate, it is to be attempted. That it will be accomplished by the Treasury Department, without the interference of Congress, I have no belief. If, from that source, no reformation came when reformation was easy, it is not now to be expected. The great object is that our legal currency is to be preserved, and that we are not to embark on the ocean of paper money. I cannot say, indeed, that this resolution will certainly effect the desired end. It may fail. Its success, as is obvious, must essentially depend on the course pursued by the Treasury Department."

Mr. B. would add nothing by commentary to the power or appositeness of these quotations. They were up to the exigencies of the present occasion, fitted it as if made to order, and superseded the necessity of argument or illustration. One thing ought to be well observed: that this speech, going the whole length, not only of justifying the present Treasury order, but blaming the Treasury Department in 1816 for not having done the like, and expressing the fear that it might not do it in time to come, was delivered on the 26th day of April, 1816, *four days before the passage of the joint resolution of that year!* consequently, and as the whole speech proves, all the powers and duties claimed in that speech for the Treasury Department, and the Executive Government, over the regulation of the currency, the restoration of the constitutional money, and the exclusion of State bank paper from revenue payments, were independent of that resolution! were founded, 1. upon the constitution; 2. the act of 1789, that the customs should be paid in *gold and silver coin only*; 3. the act of May 10th, 1800—the fundamental act for the general sale of the public lands—and directing that *all* purchasers should make payment for the same in SPECIE, or in evidences of the public debt of the United States! These were the foundations of the gentleman's argument, these the laws, the violation of which he had in his eye; these the ground of his complaint against the existing administration; these the future ark of his financial hope. These are the laws, faithful expositors of the constitution, in aid of which, and to compel the speedy execution of which, the joint resolution of 1816 was conceived and passed. The author of the resolution said at the time that the success of the resolution depended upon the Treasury Department, and expressed his fear that it might fail of its object through the fault of that department; a fear in which the gentleman's misgivings were prophetic, until the splendid and beneficent administration of President Jackson rose upon the political horizon, to bless and exalt his country; to command the admiration of the world, civilized and barbarian, and to realize the gentleman's own cherished and adored vision of 1816—the constitutional currency restored, and the bloated and pestilential carcass of the paper system expelled from the doors of the Federal Treasury.

Mr. BENTON repeated the date of the speech from which he had read an extract; it was the 26th of April, 1816, four days before the passage of the

joint resolution of that year. He now had another extract from another speech of the same gentleman, also delivered before that joint resolution was passed, and clearly indicative of his intention in bringing forward that measure, to compel, as soon as possible, the complete re-establishment of the currency of the constitution as the sole and exclusive currency of the Federal Government. It was a speech delivered in February, on the passage of the charter of the Bank of the United States, and in which the speaker took the great and true ground, that the law and Treasury Department, and not the Bank, ought to be the true regulator of currency. Mr. B. only read the parts which were applicable to the point in debate, namely, the legal currency of the United States, and the speedy and compulsory payment of the whole revenue in that currency.

Extract from Mr. Webster's speech on the Bank of the United States Charter Bill, February, 1816.

"No nation had a better currency than the United States. There was no nation which had guarded its currency with more care; for the framers of the constitution, and those who enacted the early statutes on this subject, were HARD MONEY MEN; they had felt, and therefore duly appreciated, the evils of a paper medium; they, therefore, sedulously guarded the currency of the United States from debasement. The legal currency of the United States was gold and silver coin; this was a subject, in regard to which Congress had run into no folly. * * * Mr. W. declined occupying the time of the House, to prove that there was a depreciation of the paper in circulation; the legal standard of value was gold and silver; the relation of paper to it proved its state, and the rate of its depreciation. Gold and silver currency, he said, was the law of the land at home, and the law of the world abroad; *there could, in the present state of the world, be no other currency.* In consequence of the immense paper issues having banished specie from circulation, the Government had been obliged, *in direct violation of existing statutes*, to receive the amount of their taxes in something which was not recognised by law as the money of the country, and which was, in fact, greatly depreciated.

"As to the evils of the present state of things, Mr. W. admitted it in its fullest extent. If he was not mistaken, there were some millions in the Treasury of paper which were nearly worthless, and were now wholly useless to the Government, by which an actual loss of considerable amount must certainly be sustained by the Treasury. This was an evil which ought to be met at once, because it would grow greater by indulgence. *In the end, the taxes must be paid in the legal money of the country, and the sooner that was brought about the better.*

If Congress were to pass forty statutes on the subject, he said, they would not make the law more conclusive than it now was, that nothing should be received in payment of duties to the Government but specie; and yet no regard was paid to the imperative injunctions of the law in this respect. *The whole strength of the Government, he was of opinion, ought to be put forth to compel the payment of the duties and taxes to the Government in the legal currency of the country.*"

Now (said Mr. B.) the Senate will doubtless be willing to hear what was said by the friends of the administration in 1816, to those powerful appeals from the gentleman, who so strenuously plead the cause of the laws, the constitution and hard money. He had looked over the speeches of that day, and found the whole of their answers compressed into a short paragraph by Mr. Sharpe of Kentucky, a gentleman of genius and ability, and whose tragical death had since attracted so much public notice and commiseration.

"In reply to the argument of Mr. Webster, that the remedy for the evil was in the power of the Secretary of the Treasury, by requiring payment of the dues to the Government in specie, Mr. S. said the gentleman had not demonstrated that there was specie enough in the country for the purposes of the payment of the revenue to the Treasury, nor that the banks have not the means ultimately to force the Government to take their paper in payments to the Treasury. The disposition was not wanting in the officer at the head of that department to apply the remedy, if it was in his power."

This was the answer! a deplorable confession of the condition to which the Federal Treasury had been reduced by receiving State bank paper in payment of the federal revenues! That policy had began under General Hamilton, and followed up by other secretaries, in violation of the laws and Constitution, until nothing but unconvertible paper remained in the Treasury, and little else in the country. All their fine phrases about specie paying banks, and paper equivalent to specie, and no paper but what the collectors and depositories of the revenue would receive as cash; all these holiday phrases had ended as such schemes must for ever end, in the eventual general use of paper, the eventual general banishment of specie, and the eventual general stoppage of banks, and universal depreciation of paper money. This was the only answer which could be given in 1816, and the only one that could be given until President Jackson's measures for restoring the constitutional currency have raised that currency to seventy-five millions of dollars. There is now specie enough in the country to make all revenue payments in gold and silver; and the purchasers of the public land, speculators and bank borrowers excepted, have found no difficulty in getting specie to make their payments. Land officer returns prove this. The sum of \$1,463,656 was paid into the land offices, in gold and silver, from the 15th of August, when the order took effect, down to the middle of November, to which the returns were made up. This was a million and a half for three months, being at the rate of about six millions per annum. This would buy near five millions of acres of land at the present minimum price; and five millions of acres of public lands, in addition to other sources of supply, is double as much as the progressive settlement of the country has ever required. Does the demand for this small sum—a sum which does not go out of the country, but enters immediately into general circulation through the Government payments—cannot such a demand be supplied out of the seventy-five millions in the country, especially when four and a half millions were exported to foreign parts this very year, not to return again? Of the seventy-five millions of specie in the country, the banks alone were computed by the Secretary of the Treasury to have forty five millions in their vaults. Can they not spare a few millions for the service of the country, especially when the measures of President Jackson's administration has increased their supplies of the precious metals from twenty-five to forty-five millions in three years? Mr. B. would subjoin from the Treasury report, the statement of specie in all the banks in the United States, as far as obtained at the Treasury Department, first premising that the report was not complete. The number of banks in the United States and their branches, are near 1,000! Their names occupy twelve columns in Bicknell's Counterfeit Detector, with nearly eighty names in each column! The Treasury report does not include them all, but the main part, and their specie is reported thus:

October, 1833,	-	-	\$25,000,000
January, 1834,	-	-	27,000,000

January, 1835,	-	-	43,000,000
January, 1836,	-	-	40,000,000
December, 1836,	-	-	45,000,000

Here is an increase of specie in their vaults, said Mr. B. of twenty millions in three years, and of five millions of dollars during the very year of the Treasury order's existence! a fact which, of itself, exposes, and puts to shame, the whole story of their distress and ruin, and inability to aid the community on account of this order, or to furnish the specie which it requires. The fact is conclusive! it stamps the whole contrivance on the part of the banks which have engaged in it, as a shameful and fraudulent imposition upon the public. It is enough of itself; but the custom house books show that these banks would in reality have increased their specie to ten millions this year, had it not been for the sums exported to foreign countries. The exports of specie, up to near the end of November, were \$4,435,815; of which \$312,311 was in gold. But this is nothing, according to the Philadelphia letter. It is nothing; while the one-third of that sum going into our land offices, and thence through Government payments to the people, is to create intense distress, derange the exchanges, deprive the banks which affect to be injured by the Treasury order of all capacity to make loans to business men, and justify them in throwing borrowers into the hands of usurers to be *fined* at the rate of three per cent. per month discount—equal to four per cent. interest—for the use of money.

But Mr. B. had another test to apply to the capacity of those banks to furnish the small amount of five millions of dollars per annum for the purchase of public lands. It was in the contrast exhibited by the one thousand banks of the United States with what is done by a single banker in the English county—he might almost say kingdom instead of county, for Lancashire, in point of wealth, is equal to the second rate kingdoms of Europe—in the English county of Lancashire, and where there are no local paper-issuing banks or bankers. He would give the sworn words of *Samuel Jones Lloyd, Esq.* a banker examined before the committee of thirty-one members of the House of Commons in 1832; a committee of which Lord Althorpe was chairman, and such men as Sir Robert Peel, Lord John Russell, Mr. Goulborn, Sir Henry Parnell, Mr. Baring, and more than two dozen scarcely their inferiors, were members, and in which such men as the Governor of the Bank of England, Mr. N. M. Rothschild, and an hundred distinguished bankers and merchants were witnesses. Mr. Lloyd, among other things, testified to the quantity of gold paid weekly by a single banking establishment, his own, for wages to working people in the city of Manchester, one out of the many great cities which Lancashire contains. This is the part of his evidence relating to this point:

"A great amount in gold is paid at Manchester in wages. Witness's house issues about 25,000 sovereigns weekly. That issue was formerly in one pound notes. There is no local issue in Lancashire."

Here are three statements, (said Mr. B.) which ought to be stereotyped on the head and heart of friend to the constitutional currency of our America. 1. Twenty-five thousand sovereigns paid

weekly by one banking house, for wages to working people. 2. This amount formerly paid in one pound notes. 3. No local bank issuing paper now in Lancashire.

Confining his remarks to one only of these statements—the amount of weekly payments in gold, Mr. B. said the annual amount was one million three hundred thousand sovereigns, equal to six millions and a half of dollars! This was paid by a single banking house; and are we to believe that the 1,000 banks in the United States cannot furnish the same amount for the purchase of the public lands? And are we, after attempting to make them do it, to be clamored down by a combined cry from speculations, a part of the banks, and politicians, that the country was paralyzed and desolated by the experiment, and that all further attempt must instantly cease?

Mr. B. would make a short issue with all these complaining banks; they either have, or have not, their proportion of the forty-five millions of specie which they report is in their vaults. If they have it, there is no difficulty in furnishing specie for the land offices; if they have it not, then their returns are deceptive—their periodical exhibitions of specie are nothing but *show money*; and the sooner the people find out their hollowness and emptiness, the better for the whole community.

But (continued Mr. B.) let the amount of specie be what it may in the banks, the fact is that there is about seventy-five millions in the country, and a goodly part of that is in the hands of the community. In October, 1833, when the deposits were removed, the whole amount of specie in the bank, was returned at about twenty-five millions, and that in the hands of the community was computed at only four millions. The community is now computed to have twenty-eight millions, and the annual increase is thus reported by the Secretary of the Treasury:

Dates.	Specie in active circulation.
Year.	
October, 1833,	\$4,000,000
1st January, 1834,	12,000,000
1st January, 1835,	18,000,000
1st January, 1836.	23,000,000
1st December, 1836,	28,000,000

Here then is a sum in the hands of the community, sufficient to supply the public land demand, on account of actual settlers, four times over. The rapidity with which gold and silver has increased since the commencement of the operations to restore the constitutional currency, should banish all doubt on the practicability of doing it. See what has been done in four years against the powerful opposition, the systematic resistance, and the scoffings and jeerings of a great political and moneyed party. Four years more may be equally successful, if these resolutions can be defeated; and instead of seventy-five millions, one hundred and twenty millions, and nearly forty millions of gold, may be in the country. But nobody expects this amount to come into the country, or what is in it now to remain, unless the Federal

Government can continue its onward course in the reformation of the currency. If it relapses into a paper money currency, the whole community must relapse into it also; and the result must be, what it has been heretofore, universal banishment of the precious metals, the eventual stoppage of all the State banks, and a call for the re-establishment of the Bank of the United States as the only safe regulator of the State currencies.

The increase of banks and paper money, and the necessity of restraining the issues of these corporations, as alleged in the President's message, was next adverted to by Mr. B. He referred to the report of the Secretary of the Treasury, which showed these results:

Dates.	Paper in active circulation.
Near 1 October 1833 -	\$80,000,000
1 January 1834 -	76,000,000
1 January 1835 -	82,000,000
1 January 1836 -	103,000,000
1 December 1836 -	120,000,000

Here is an increase of about forty millions of paper money in two years. But it is not the whole increase in that time. The computation is principally made from the returns of the old banks; while one hundred and six new ones, with capitals of sixty millions, had been created; and twelve millions and three quarters of increased capital to the old banks, had been granted during the past winter; so that fifty millions of increase of paper was probably the amount when the Treasury order was issued, and the increase going on with a deplorable rapidity. The national domain was the object that was attracting it. The temptation was irresistible. A quire of paper, speckled over with figures, would transmute in 100,000 acres of land; a ream of paper into a million of acres. One thousand engineers were at work, striking this paper; hosts of speculators, loaded with bales of it, were on their way to all the new States. It was evident the national domain was becoming a fund for the redemption of all this paper. It was all receivable in exchange for lands; and the holders of these bills seem to consider them as *assignats*, like those of the French National Convention, convertible into the territory of the Republic at the will of the possessor, and the faster the better. This was the state of things on the rise of Congress, and the two halls of that body had resounded with the denunciation of the ruinous aspect of this exchange of land for paper, for months before the adjournment took place. The President, acting under the constitution and laws of the country, applied the remedy which the crisis required, and which the laws and constitution authorized. He saved the national domain; he checked the expansion of the paper system; he saved the Treasury from a flightful accumulation of "*unavailable funds*;" and he prevented that catastrophe in the State banks to which the Bank of the United States is anxiously looking, systematically promoting, and impa-

tiently awaiting! that catastrophe in the local banks which would again disgrace and discredit them, and bring forth the whole United States Bank party to exclaim, *we told you so!* we told you this would be the consequence of not renewing our charter! and now you all see it! and we demand the re-establishment of the national bank, as the only means of regulating the State banks! President Jackson has prevented all this; and has shown that the constitutional currency can regulate the State banks; and for this he has drawn upon himself the denunciations of disappointed speculators, disappointed politicians, and disappointed bankers. He has prevented many and great evils, and among others the further depreciation of the currency. Fifty millions of additional paper, put out in two years has enabled the banks to imprison 45 millions of specie, and the whole 130 millions of paper money afloat during the summer has depreciated the general currency; which is seen by the importation of wheat from Germany and the Black sea, by the importation of beef and pork from Ireland, hay from Scotland, and many other necessities of life from Europe; which is seen in the rise of price in every article which depends for its sale on our depreciated currency; for articles whose price depends upon foreign markets, where the notes of our 1,000 banks are not taken for money, as tobacco and cotton have not risen. The progress and the evils of this depreciation, which commenced before the Treasury order—which that order has checked, but which must recommence with its rescission, is powerfully sketched in that part of President Jackson's message which relates to the currency. He says:

"The progress of an expansion, or rather a depreciation of the currency, by excessive bank issues, is always attended by a loss to the laboring classes. This portion of the community has neither time nor opportunity to watch the ebbs and flows of the money market. Engaged from day to day in their useful toils, they do not perceive that although their wages are nominally the same, or even somewhat higher, they are greatly reduced, in fact, by the rapid increase of a spurious currency, which, as it appears to make money abound, they are at first inclined to consider a blessing. It is not so with the speculator, by whom this operation is better understood, and is made to contribute to his advantage. It is not until the prices of the necessities of life become so dear that the laboring classes cannot supply their wants out of their wages, that the wages rise and gradually reach a justly proportioned rate to that of the products of their labor. When thus, by the depreciation, in consequence of the quantity of paper in circulation, wages as well as prices become exorbitant, it is soon found that the whole effect of the adulteration is a tariff on our home industry for the benefit of the countries where gold and silver circulate and maintain uniformity and moderation in prices. It is then perceived that the enhancement of the price of land and labor, produces a corresponding increase in the price of products, until these products do not sustain a competition with similar ones in other countries, and thus both manufactured and agricultural productions cease to bear exportation from the country of this spurious currency, because they cannot be sold for cost. This is the process by which specie is banished by the paper of the banks. Their vaults are soon exhausted to pay for foreign commodities; the next step is a stoppage of specie payment—a total degradation of paper as a currency—unusual depression of prices, the ruin of debtors, and the accumulation of property in the hands of creditors and cautious capitalists."

This, said Mr. B. is the progress and effect of a depreciated paper currency. The imprudence, or the criminality, of banks of issue, are equally the sources of this depreciation; and the community is equally the victim of their misconduct, whether it results from accident, folly, or design. It is established in England that a sudden increase of one million sterling, by Bank

of England issues, will, in many states of the moneyed system, produce a depreciation in the value of money which will be sensibly felt in the kingdom; what, then is to be the effect of an increase of fifty millions of paper dollars, in two years, in this country? It must be what every person sees, and feels it to be; a depreciation of at least one third of the value of paper money! so that every person living on salaries, fixed income, and wages, are in the condition of having suffered a diminution of one-third of their income. Living is becoming as dear in our young and prolific America as in the aged and crowded countries of Europe. Let no one delude himself with the belief that there is no depreciation while bank notes continue to be convertible into gold and silver; this would be a great error; for it is of the very nature of depreciating paper to carry down gold and silver with it, until things reach that point, when prudent men begin to exact payments in hard money, or, which is the same thing, to carry home in silver at night the amount of every note received during the day. When things have reached that point, and about the time when all prudent men have taken care of themselves, the public mind begins to get uneasy. Some cause, no matter what, starts an alarm; and, in a few weeks the explosion is universal. Such was the point to which we were rapidly tending in July last. President Jackson has arrested this depreciation, and saved the country from a dire calamity. His Treasury order has saved it. It has stopped the issues of a host of banks, and bound up the elements of desolation in their own caverns. The raging winds are now imprisoned: Boreas, Eurus, and Austere, are now confined. The fabulous conception of the father of poets is realized, not upon the ocean of waters, but upon the ocean of paper money. The elements of destruction are tied up; and wo to those who, imitating the rash conduct of the companions of Ulysses, shall untie the fated bag, and turn loose tempests, storms, and desolating fury upon the land.

Mr. B. said it would be unjust, after saying so much of the expansion of the paper currency, and the over-issues of the local banks, not to add, that the picture was not intended to be applicable to the whole of these banks; that he knew of many honorable exceptions, and there might be many more that he did not know of. His means of information were limited to the official returns of the deposit banks, now about ninety in number; and while, of these, he saw many whose paper dollars in circulation, to say nothing of their deposits, were five, ten, fifteen to one for their specie dollars in their vaults, yet there were others where the proportion was the other way. The Merchants' Bank, Boston, had \$234,000 specie, and \$256,000 in circulation; the Bank of America, New York, had \$1,490,000 in specie, and \$572,000 notes out; the Manhattan, in the same place, had \$690,000 specie, and \$565,000 paper out; the Planters Bank, Georgia, had \$497,000 specie, \$361,000 paper; and many others whose issues but slightly exceeded their specie in hand. It was due to these banks, and doubtless to many more, whose returns were not accessible to him, to except them from the censure and the complaint which lies against those whose unjustifiable issues

have produced the expansion and depreciation of currency which is now visible to all.

Adverting to President Jackson's great design of increasing the specie in the country, Mr. B. said, there was an indissoluble connection between the state of the specie in a country, and its prosperity or distress. They were cause and effect, and rose and fell together. On this point he had a table to produce which must carry conviction to every mind which was open to the influence of facts and reasons. It was a table which covered the most disastrous, and the most prosperous period of our own time; and which required but the application of every one's own knowledge of events to lead to just and inevitable conclusions.

Table of import and export of gold and silver coin and bullion, from 1821 to 1836.

Years.	Imported.	Exported.
Second term of President Monroe. } 1821	\$8,064,890	\$10,478,059
1822	3,369,846	10,810,180
1823	5,097,896	6,372,987
1824	8,379,835	7,014,552
1825	6,150,765	8,797,055
1826	6,880,960	4,704,533
1827	8,151,130	8,014,880
1828	7,489,741	8,243,476
1829	7,403,612	4,924,020
1830	8,155,964	2,178,773
1831	7,505,945	9,014,931
1832	5,907,504	5,656,340
1833	7,070,368	2,614,952
1834	17,911,632	1,676,258
1835	13,131,447	5,748,174
1836	12,166,372	4,435,815

Here (said Mr. B.) is a period of sixteen years, divided into portions of four years each, by the administrations of different Presidents. The first showed a heavy export of specie, and the loss of near twelve millions of dollars; the second, a loss of about a million and a half; the third, a gain of about six millions; the fourth, a gain of near forty millions, and upwards of that amount when the produce of our native gold mines were added. These were the results; and without embarrassing his remarks with complicated details, he would take the periods of strongest contrast, the first and the last four years of the sixteen. Every person would recollect the period of 1821, '2, '3, '4. It was the season of bank stoppages; of depreciated paper money; of stop laws, relief laws, tender laws, loan laws, property laws—the season of depressed prices of property and produce, of ruin to debtors, and harvests to money holders and cautious capitalists. It was the time when a creditor who should receive from his debtor ten dollars in Kentucky paper and give five silver dollars in change, would have received nothing, and the debtor would have paid nothing. It was the time when two bills for the same article was made out in the west; one for silver, and one for paper, the latter being the former multiplied by two. Now look to the table. This disastrous season will be seen to have been the period of least importation, and greatest exportation of specie. Search the memory, and it will inform you that

the Bank of the United States, then just recovered from its own crisis of 1819, and just strong enough to do mischief, was employed in eviscerating the whole interior country of its gold and silver, and collecting it on the sea board, where it was exported to countries unafflicted with the pestilence of paper money. Look to the last period, the present time; and, it will be seen that, dating from that era which should become national, and receive perennial honors in anniversary celebrations—the most glorious era of the removal of the deposits!—dating from that era, and it will be seen that we have gained near forty millions of specie by importations, and that the gain exceeds forty millions when the domestic supplies are added. The present period, then, is the season of the greatest increase of specie ever known; and such also is the national prosperity. Never before did the prosperity of the country equal the present time; never was there such exuberance of prosperity; and that, after making due allowance for what is fictitious, from the excess of paper, and the effect of a depreciated currency. This excess and depreciation would be fatal, were it not for the seventy-five millions of specie in the country. But these three score and fifteen millions are the safety of the land. They make the people independent of the banks; they make them independent of panics; they prepare them for the present panic, this starveling concern, now in a course of preparation by the authors of the old one. Thanks to the wisdom, the foresight, the energy of President Jackson: he has prepared the country for this second panic; he has fortified it, and armed it for the contest. Seventy-five millions of specie puts paper at defiance, and enables the country to stand the shock of the encounter. No longer can banks set themselves up above law, and above Government. No longer can they stop payment, and force their dishonored paper upon the country. The bank that would now attempt it would instantly be put to the test of insolvency, and subjected to the laws of the land as well as to the law of public opinion. Her dishonored paper would be driven in upon her, and the last hard dollar extracted from her vaults. These being the fruits of President Jackson's great measures for restoring a specie currency, who can justify the opposite course which is now proposed; a course by which specie is to be dispensed with by the Federal Government, paper to take its place, specie again to become an article of merchandise for exportation to foreign countries; and the disastrous scenes of 1821, '2, '3, '4, again realized. The crisis had approached in July; paper was pouring into the Treasury; specie was departing for foreign climes; President Jackson checked the inundation of paper, and he compelled the departing specie to countermarch; to face west instead of east; to our land offices instead of foreign ports; and in doing this, he has benefitted his country, and drawn upon himself the denunciation of those who now attack him.

Mr. B. would conclude his observations on this part of the subject, with calling the attention of the Senate to the public imputation of wicked motives, attributed to President Jackson, in the Kentucky speech and Philadelphia letter, from which

extracts had been read. Christian charity forbids, and gentlemanly breeding avoids, the gratuitous imputation of malignant motives. There are cases in which delicacy recoils from a public and insulting reference from one man to another. But where was Christian charity, gentlemanly breeding, or delicacy of feeling, when such words as these were used in reference to President Jackson? "*I have little doubt that the specie order was the REVENGE of the President upon CONGRESS for passing the DISTRIBUTION LAW.*" Here, said Mr. B. is not only a personal outrage to the President, but an attempt to excite the resentment of Congress against him, and to mark him for the vengeance of all who are disposed to pervert the *deposit act* into a *distribution law*; and all this, too, upon the gratuitous imputation of a wicked motive for a measure; just, wise, legal, and indispensably necessary within itself! Motives, continued Mr. B. are within the cognizance of the Searcher of all Hearts. He can see them as they are; the mortal eye may mistake them. It is good, then, for frail humanity to be slow in charging a bad motive for even a questionable action: he had, therefore, refrained from all reference to motives for the design of those coincident and twin productions from which he had made quotations, the Kentucky speech and the Philadelphia letter! He had not said that they were the revenge of disappointed ambition, for a lost Presidential chair, nor of disappointed avarice for a lost national bank charter. He had not even intimated that the marble palace in Chestnut street, and the shady groves of Ashland, might be conscious to the embraces from which this rescinding resolution has sprung; or, that the imperative requisition upon this Congress to command the instant repeal of the Treasury order, was founded in any scheme to obtain, from the representatives of the people, a triumph over that MAN to whom the people themselves have granted so many triumphs over the same pursuers. For himself he had omitted all such intimations; and should drop all further notice of them now. Leaving then the actors and accessories to this proceeding, its origin and their motives, to the phasis under which they themselves have exhibited it, he should join President Jackson in the confident belief expressed by him in the concluding paragraph of that part of his message which relates to the issuance of the Treasury order, "*That his country would find, in the MOTIVES which had induced it, and in the HAPPY consequences which have ensued, much to commend, and nothing to condemn.*"

Mr. BENTON said, he had stated in the commencement of his speech that two great objects were to be accomplished by this rescinding resolution; *first*, the condemnation of President Jackson for a violation of the laws and constitution, and the destruction of the public prosperity; and, *secondly*, the overthrow of the constitutional currency, and the imposition of the paper money of all the State Governments upon the Federal Government. He had spoken to the first of these objects, and, as he hoped, successfully vindicated the President from all the charges on which it rested; the second object was now to be attended to, and would be discussed with all the brevity

and despatch which the magnitude of the subject permitted.

This design (said Mr. B.) to overthrow the hard money system of the constitution, and to exthroned the paper money system in its place, is as old as the constitution itself; and has been the leading policy of a great political party, from the foundation of that party, near fifty years ago, and under all its mutations of name, down to the present hour. Gold and silver, though not without a struggle for a national bank and a national paper currency, were made the currency of the Federal Government by the convention which created this Government. So fixed and jealous was the mind of the convention on this point, that even the power of coining gold and silver, which had been left to the States, under the articles of the confederation, was taken away from them by the new constitution. The members of that great convention were not only fixed upon having gold and silver for the currency of the new Government, but also determined upon its uniformity, so that the same piece should be the same thing, in form, name, device, and value, throughout the Union. The exclusion of paper money was as carefully enforced by the constitution as the adoption of gold and silver was sedulously guarded. The words of the constitution and the history of the times, and especially the 44th No. of the Federalist, written by Mr. Madison, all prove this. The early legislation of Congress conformed to the words and spirit of the constitution, and adopted the plainest and strongest language to guard the currency which it had adopted. The two acts, fundamental for the collection of the two great branches of the revenue—lands and customs: that of 1789 for the latter, and 1800 for the former, were express that gold and silver coin only should be received for the customs, and specie and evidences of the public debt only, for the public lands. These two great acts, being faithful interpreters of the constitution, have never been openly attacked in either House of Congress. In all the changes which subsequent legislation has made in the laws, of which the hard money enactments are part, these clauses have been retained in the same, or equivalent expressions; so that a hard money currency still remains the constitutional and the statutory currency of the Federal Government. Temporary enactments in favor of Treasury notes, and United States Bank notes, have ceased; and the joint resolution of 1816 neither does, nor can, repeal a law. Resolutions, whether joint or several, are not the mode of national legislation. They are only declaratory of facts or principles, or expressive of the opinions and purposes of the House or Houses, from which they emanate. The joint resolution differs from the single in nothing but in being the declaration, the opinion, or the purpose of both Houses, instead of one. This being the case, and the two fundamental enactments of 1789 and 1800 being still in force, as retained in subsequent alterations of the laws to which they belong, the question is, how comes it that they have been treated as dead letters on the statute book, and paper money received in place of the hard money which they imperatively require? The answer to this question (said Mr. B.) carries

us up to the time of General Hamilton, to the first year of his administration of the Treasury Department, and to the foundation of the political school of which he was the head. As Secretary of the Treasury, it became his duty to carry into effect the act of 1789, for the collection of the custom-house duties in gold and silver coin only. Instead of carrying the law into effect, he nullified it by construction. He interpreted "gold and silver coin only," to be the notes of specie-paying banks; and a deposit of bank notes, as cash, to be a deposit of specie. This was his construction, and the order which he issued to the collectors of the revenue corresponded with it. At the ensuing session of Congress he justified this construction in an argumentative report; and a few extracts from this report will show how the plain meaning of a law can be turned upside down by construction, and will reveal the source of the first imposition of paper money upon the Federal Government, and the reasons for that imposition.

"This section [30th of the revenue act of 1789] provides for the receipt of the duties in gold and silver coin only. The Secretary has considered this provision as having for its object the exclusion of payments in the paper emissions of the particular States, and the securing the immediate or ultimate collection of the duties in specie, as intended to prohibit to individuals the right of paying in any thing except gold or silver coin; but not to hinder the Treasury from making such arrangements as its exigencies, the speedy command of the public resources, and the convenience of the community, might dictate; these arrangements being compatible with the eventual receipt of the duties in specie. Such were the reflections of the Secretary with regard to the authority to permit bank-notes to be taken in payment of the duties. The expediency of doing it appeared to him to be still less questionable. The extension of their circulation by the measure, is calculated to increase both the ability and inclination of the banks to aid the Government. Banknotes being a convenient species of money, whatever increases their circulation increases the quantity of current money. But, convinced as the Secretary is of the usefulness of the regulation, yet, considering the nature of the clause upon which these remarks arise, he thought it his duty to bring the subject under the eye of the House. The measure is understood by all concerned, to be temporary. Indeed, whenever a national bank shall be instituted, some new disposition of the thing will be a matter of course."

Such was the argument, and such the object for departing from the act of 1789, and from the constitution, of which it was the faithful expositor. The effect was the gradual and general diffusion of a paper currency over the country, and a corresponding general and gradual disappearance and banishment of gold and silver; so that when the first national bank charter expired, in 1811, the Federal Government was left without a national currency, having neither United States Bank notes nor gold, and but little silver in the country. Mr. Madison's administration was then driven to the deplorable necessity of using State bank paper for a national currency; and the result is too well known in the ten years' convulsions of the paper system which ensued. The effect of the whole was the speedy resort to another national bank. This bank came to its conclusion under the administration of President Jackson; and he, avoiding the error into which President Madison's administration had fallen in 1811, resolved to re-establish the constitutional currency, and especially to revive the circulation of gold, which had ceased for more than twenty years. The success of this great plan was truly flattering. The gold currency, in three years, had risen from nothing to about fifteen millions of dollars; and the silver currency

had increased in the same brief space from less than thirty millions to about sixty millions, and both against the determined opposition of a powerful political and moneyed party. The success of the experiment was established; and it was clear that the party opposed to gold and silver could no longer effect any thing by direct opposition. A new mode of making head against it was then fallen upon; and that new mode was to expand the paper system until it burst, and thus to ruin the party in power by ruining the finances and the currency. The general receivability of local paper for public lands, made it easy to inundate the Treasury, through the land offices, with local bank paper; and the spirit of speculation co-operating with this political design, turned an immense flood of paper upon the national domain. It was easy to see that this mass of paper, though credited to the Government on the books of the deposit banks as *specie*, was not cash, but only promises to pay cash; and that, in fact, it was destined to become a new and second accumulation of unavailable funds. A crisis in the federal finances was evidently approaching; and there was every reason to believe—the floors of the two Houses of Congress daily attested the fact—that swarms of speculators, loaded with paper money, were to alight upon the public lands immediately after the rise of Congress. It was probable that many tens of millions of paper would thus have been converted into land, and that the banks which issued it, being unable to redeem it, and the deposit banks which had improvidently credited it as *cash*, being unable to cash it, the whole would have sunk upon the hands of the Federal Government. The evil of such a state of things is too obvious to be depicted. Not only the Federal Government would have lost its land, and lost its revenues, but the whole community would have suffered. But here the energy and foresight of President Jackson was again victorious over the designs of enemies and the imprudence of friends. He determined to arrest the floods of paper which were ready to inundate the Treasury. The specie order was issued, and the country was saved. The wrath which the miscarriage of so many fine schemes occasioned, burst forth upon the President's head; the speculator for the loss of his myriad of acres; the politician for the escape of the Government from the danger that menaced it; the local banks for the loss of the national domain to bank upon; and the Bank of the United States for the loss of its anticipated opportunity of proving that a national bank was indispensable to the safe collection of the federal revenues. To make distress in the country, and charge it upon the Treasury order, was now the resort of all the disappointed parties. The Kentucky speech, and the Philadelphia letter, were the signal guns for a new panic; and the old drama of 1833 was immediately put in rehearsal for performance on the Washington boards as soon as Congress met. In every respect this second panic was a servile copy of the former; the same plot, the same scenes, the same incidents, the same performers. No fertility of invention characterized any part of it; no touch of genius enlivened the dull copy with the novelty

even of a single new conception, or new phrase. Here we have it now, more like a starved wolf at the door, than a roaring lion; and lending its feeble aid to the cause of this rescinding resolution.

That resolution is to open the doors of the Treasury again to the inundation of paper money, that the catastrophe averted last summer, may be produced next spring; and the question now is, shall Congress give up the public lands to spoil, and the public Treasury to unconvertible paper, after President Jackson has saved the country from both evils? This is the point we are now at; and if any one wishes proof of the design to overthrow the constitutional currency and to impose paper money upon the Government, let him look at the universality of the abuse now lavished upon gold and silver, and the applause bestowed upon paper money by all that great party now palpably discriminated by the distinctive features of the Hamiltonian school. Here is a specimen, taken from the Philadelphia letter, the force and beauty of which will be fully comprehended by the boatmen of the Mississippi river.

"But this miserable foolery about an exclusive metallic currency is quite as absurd as to discard the steamboats, and go back to poling up the Mississippi."

This is the manner in which this great party speak of the currency of the constitution. "Miserable foolery,"—as much behind paper money as a keel is behind a steamboat. But why lose time to prove their hatred of gold, and their adoration of paper? They would be ashamed to have it thought otherwise. They take care that nobody shall think otherwise by their ostentatious abuse, in season and out of season, of the gold currency; and by their ostentatious praise, without rhyme or reason, of paper money. It is incontestible, then, that the imposition of the paper system upon the Federal Government, is the second great object of this resolution; and that for the avowed reasons mentioned by Gen. Hamilton in his argument of 1790, in favor of substituting paper for gold and silver.

Mr. B. envied not the vocation of any man, or of any party, who employed themselves in the habitual vituperation of any part of the constitution of the country; and especially that part of it which was considered by its framers as among the most important and valuable. Gold and silver is the currency of the constitution. Those who attack that currency, attack the constitution, and that in one of its most valuable parts, and the very part which most universally concerns the people. Every citizen is concerned in the currency; and to attack that money which the constitution guarantees, is to attack at once, his rights and the sacred instrument by which he holds it. Mr. B. had shown the origin of this war of paper against gold; he had shown it to lie at the origin of the great political parties which, under whatsoever names, have existed for near fifty years in this country; and it was perfectly clear that, from the time of General Hamilton to the present day, a preference of paper to gold and silver has been the distinctive tenet of one party, and constitutes the essential and radical distinction between the two.

Mr. B. said, it was incontestible that every nation must have a national currency. It must have

such a currency not only in name, but in fact; and nothing can answer for a national currency but that which combines two properties; *first*, uniformity of value all over the country; *secondly*, convenient portability. Silver possesses one of these qualities, but it lacks the other; gold possesses both; and the constitution of the United States guarantees its use. Gold is then the constitutional national currency of the United States; and Mr. B. held all attempts to substitute paper in its place to be unconstitutional, and pernicious. Two national banks had been chartered to furnish a national paper currency; they have both been put down, after twenty years trial of each, by the power of the people. When the first was put down, a fatal error was committed by those who did it in not restoring gold; and that error was doubled by falling back upon local State paper, and adopting it for the currency of the Federal Government. Profiting by that great error, those who put down the second national bank, made it a part of their plan, and the part upon the success of which every thing was to depend, that gold, and not local bank paper, should become the national currency of the Union. This was the plan; and in pursuance of it, many steps have been taken towards excluding local bank paper from the receipts and expenditures of the Federal Government, and introducing gold in its place. The largest and most essential of these steps was the Treasury order of July last; and now, the present movement for the rescission of that order, and for the continuation of local paper in the receipts, and consequently in the expenditures, of the Federal Government, brings up the question, whether gold, or local paper, is to be made the national currency. It brings up the question; for, what the Government receives as cash, it must pay out as cash; and, what the Government thus receives and pays out, becomes the currency of the country also; for people single-handed cannot make head against the action of the Government. The effect of the present movement, then, is, to overturn the plan of those who put down the Bank of the United States; and to substitute for the national gold currency, which they promised the country, the actual paper currencies of all the States and Territories of the Union. This is the effect of the movement; and the question now is, will the Senate put down gold? for gold can never live in such company, and adopt all these currencies? Passing by the constitutional objection, as too obvious to need enforcement, and too often invoked without effect, Mr. B. would endeavor to address himself practicably to the sense of the Senate, by showing them the mass of the evil which it was proposed to assume. Here it is, said he, (holding up a copy of Bicknell's Counterfeit Detector.) Here it is; a little volume of 32 pages, the first six containing twelve columns of the names of banks, alphabetically arranged by States and Territories, (Missouri and Arkansas the only names not in the list,) and each column containing about eighty names. The remaining twenty-six pages are filled with the description of the illegitimate progeny of these banks; that is to say, with a frightful and sickening exhibition of forgeries. Here then is near one thousand banks—probably upwards of a

thousand by this time—whose promissory notes are to be put on an equal footing with gold and silver at the land offices, custom-houses, and post offices of the United States; and which, being on an equal footing, will soon have the upper hand, and have all the custom-houses, land offices, and post offices to themselves; for gold and silver will never go where they go, and will never abide where they sojourn.

We are called upon (said Mr. B.) to adopt this wilderness of banks as furnishers of currency to the Federal Government; to accept their paper promises to pay gold and silver, in lieu of gold and silver; and thus to make them the coiners, not of money, but of paper for the Federal Government; and to enable them to supersede the constitutional coinage of the United States. He did not enter into the question how far the States, each for itself, might authorize paper currency; that is not the question now, but whether the Federal Government shall adopt as its own, all the paper currencies of all the States and Territories? This is what we are called upon to do; and by whom? Certainly there may be some very disinterested and very patriotic men so calling; but, more certainly, there are four deeply interested classes so calling, and visibly seen at the head of the movement. These classes were, 1. The speculators, who want bank loans and bank facilities to enable them to out-bid the settlers, and to monopolize the choicest lands; 2. The local banks, who want the national domain as a capital to bank upon, and to give credit and circulation to their notes in all the new States; 3. Politicians out of power, who foresee, in the reception of this local paper, the ruin of the finances; and in that ruin, foresee, also, the downfall of those now in power, and the elevation of themselves; 4. The Bank of the United States, which foresees likewise, in the same ruin, its own resuscitation; and which, pending that event, has gone into abeyance under a State charter, to be ready for the occasion. These were the classes whose clamors against the Treasury order had stunned the public ear; these were the classes who denounced the President; these the classes who demand the instant rescission of that order. As one of those who had contributed to put down the Bank of the United States, and who had promised a restoration of the gold currency, Mr. B. must be permitted to make head against this movement, which goes to re-establish that bank, and to suppress that golden currency.

Having stated the number of the banks in the United States, he would say a word as to their reputed capitals and circulation. The chartered capital was computed at near one thousand millions of dollars; the paid up capital was stated at three hundred and twenty-five millions; the chartered right to issue paper money, exceeded one thousand millions; and the actual circulation was computed at one hundred and thirty millions. Now all the specie in the country is computed at seventy-five millions, and all in the banks at forty-five millions; so that the reputed paid-up capital is four times greater than all the specie in the country, and seven times greater than all the specie the banks possess. Mr. B. did not pretend that the banks

should always have all their capital in their hands; but he did insist that it must be in the country! so that, when needed, it could be had. The reputed paid-up capital is not in the country, by a difference of four to one; so that the fact stands revealed that a great proportion of these banks are banking on stock notes, and on each other's notes; and the stockholders not being liable, the foundations of a great number of these banks must be unsolid and delusive; entirely unsafe for the community to rely upon; and that it would be a cruel thing for the Federal Government, by increasing their credit, to extend the sphere of their circulation, and to enlarge the vortex of their mischief when the day comes to which all unsolid banks are daily liable.

Mr. B. said that we had borrowed the paper system from England, and from the Adam Smith school, whose work on political economy had appeared about the close of the American revolution, and created that passion for banking which has since prevailed in Great Britain and our America. He would show that the English representatives of that school are now convinced of their error, and are endeavoring to extricate the country from all banks of issue except that of the Bank of England, for the solvency of which the Government of Great Britain stands security to the whole amount of its capital. Repeating that we had borrowed the paper system from Great Britain, Mr. B. had two remarks to make upon it; *first*, that banking with us was on a far more unsafe footing than in Great Britain; *secondly*, that banks of issue were found to be too unsafe to be longer tolerated there. He proceeded to show the foundations on which he made these assertions; and afterwards to make a practical application of his remarks to the question before the Senate.

First, that banking in the United States was on a more unsafe footing than in Great Britain. There was a fundamental difference (he said) between classes of banks. In Great Britain there were two classes; one of discount, deposit, and exchange; another, of circulation. This latter class was the only one existing in the United States, and it was from it that ALL the public evils of banking flowed. Here, then, was a radical difference between the systems of banking in the two countries; the British system having the two species of banks, and the American system having but one, and that the dangerous one. Confining his remarks, then, to the class common to the two countries, (banks of issue,) he would show that this class is on a far more unsafe footing in the United States than in Great Britain. The Bank of England (he said) was backed by the the Government of Great Britain for its debts and capital. The notes of the institution were a legal tender to the Government; and in a Government whose annual taxes are two hundred and fifty millions of dollars, the legal receivability of notes to this amount is a fund for the redemption of more notes than the Bank of England ever had in circulation. Her highest issue, during the suspension of specie payments and issue of one and two-pound notes was twenty nine millions and a half pounds sterling, say \$146,000,000. Her issues since the resumption of specie payments, and sup-

pression of one and two-pound notes, has in a period of six years, anterior to 1832, ranged from 18 to 23,000,000 sterling, being about 100,000,000 of dollars. The taxes to the Government, then would absorb them, though at a loss to all holders who did not owe to the Government the amount of what they held. This was some security for the notes of the bank; but there was another, and a greater security, and this lay in the direct responsibility of the Government for the whole amount of the capital of the bank. The capital of that bank consisted of successive loans to the Government, commencing in 1694, in a loan of £1,200,000 sterling, and continued by additional loans, at different periods, until it amounts to £14,686,000, and bearing an interest all the time at 5 per cent. per annum. This is now the capital of the bank, and the debt of the Government to the bank, and the amount of the Government's direct security for the liabilities of the institution. No such Government security as this has existed, or can exist in our country; and even with it, the Bank of England has twice suspended specie payments, and once for twenty years; besides inflicting the ordinary evils of banking upon the Government and the country. Proceeding to what are called the country banks in England, Mr. B. showed that they were on a safer footing than the local banks of the United States. In the first place, the partners and stockholders were each liable in his person and property for the whole amount of the debts of the institution; and this liability continued in the case of joint stock partnerships until three years after a partner had ceased to belong to the institution, for every thing done while he was a member of it. In the next place, the English banks issue no note under £5, which is both a check upon their circulation and a diminution of the danger of losses to the community. In England, every note bore a government stamp, and paid a tax, which was also some restraint on issues. The mode of payment was another, as silver was only a tender to the amount of forty shillings; so that country bank notes could only be paid in gold, or Bank of England notes, and these latter could only be paid in gold; so that, directly or indirectly, gold was the fund of redemption for the whole English circulation, which was a far greater check upon bank issues than silver. In the last place, forgeries could be punished and restrained in England, and can hardly be punished or restrained in the United States. The extent of our country, and the independence of the States, and their judiciaries, interpose effectual barriers against the punishment of forgeries in one State upon the paper of other and distant States. These differences, continued Mr. B., show that banking is on a less dangerous footing in Great Britain than in the United States; and now what is the result of experience there? It is fifty years since the Adam Smith school established their perfect idea of a paper system, and brought into general use those banks of issue on which they lavished all the holiday phrases still in vogue in the United States: "Well regulated specie-paying banks—properly constructed specie-paying banks—duly restricted specie-paying banks—safe and solid

specie paying banks." It is fifty years since these phrases ruled the legislation of Great Britain; and what is the lesson which 50 years experience has taught? Mr. B. would not answer this question from the writings of the anti-paper school, nor even from the bullion school of England; he would answer it from the Adam Smith school itself; from the writings of Mr. M'Culloch, Professor of Political Economy in the University of London, and the present head of the Adam Smith school, whose work he has recently edited with a volume of notes to show what has happened since the time of Dr. Smith, and what improvements the paper system required in England. Mr. B. read the title of one of his chapters, and some passages from the chapter itself. This is the title, or index, to the contents of the chapter:

"Quantity of Bank of England paper afloat at different periods—Effects produced on the country banks by a contraction of the issues of the Bank of England—Destruction of country bank paper in 1793—Crisis of 1797—Destruction of country bank paper in 1814, 1815, 1816; also in 1825 and 1826—Measures proposed in 1826 for improving the state of the currency—Remarks on those measures—Proposal for taking security from country banks—Advantages that would result from carrying this proposal into effect—Objections to it examined and answered."

Mr. B. then read some passages from the chapter itself, regretting the necessity which limited him to few and brief extracts:

1. *Panic of 1793.*—"The extended transactions of the country required fresh facilities for carrying them on; and, in consequence, a bank was erected in every market town, and in almost every village. To force their paper into circulation was the object of all. The catastrophe which followed was such as might have been foreseen. The currency having become redundant, the exchanges took an unfavorable turn in the early part of 1792; and the Bank of England having been, in consequence, obliged to narrow her issues, a most violent revulsion took place in the end of that year and beginning of 1793. The failure of one or two great houses excited a panic, which proved fatal to myriads more. When this revulsion began, there were, it is supposed, about 350 country banks in England and Wales, of which about 100 were compelled to stop payment, and upwards of 50 more were totally destroyed, producing by their fall an extent of misery and bankruptcy that had been, until then, unknown in England."

2. *Panic of 1814.*—"Up to 1813 there were banks in almost all parts of England, forcing their paper into circulation at an enormous expense to themselves. The price of corn had risen to an extraordinary height in 1813, and fell in the beginning of 1814. This fall produced a want of confidence, and an alarm among the country bankers and their customers; and such a destruction of country paper took place as has not been paralleled, except only by the revulsion in 1825. By 1816 no fewer than 240 country banks had stopped payments, and 92 commissions of bankruptcy were issued by these establishments. The failures that then occurred were the more distressing, as they chiefly affected the industrious and poorer classes, and frequently swallowed up, in an instant, the fruits of a long life of laborious exertion. Thousands upon thousands, who had considered themselves affluent, found they were destitute of all real property; and sunk, as if by enchantment, and without any fault of their own, into the abyss of poverty. The universality of the wretchedness and misery had never been equalled, perhaps, except by the breaking up of the Mississippi scheme in France."

3. *Panic of 1825.*—"Nations are slow and reluctant learners, and it seems as if additional experience had been necessary to convince the Parliament and people of England that there was anything defective in a system which had, in two previous instances, deluged the country with bankruptcy; and which enables every individual, however poor and unprincipled, who chooses to open a money shop, to issue notes to serve as currency in the ordinary transactions of society! A rise of prices and a rage for speculation took place in 1824, '25. Many of the country bankers seemed to have no other object than to get themselves indebted to the public; and such was the vigor and success of their efforts to get their paper into circulation, that the amount of it afloat in 1825 was estimated to be near fifty per cent. greater than the amount of it afloat in 1823. The consequences of this extravagant and unprincipled conduct is well known. The currency became redundant—exchange began to decline, and a heavy drain for bullion compelled the Bank of England to lessen her issues. This was the signal for

the repetition of the tragedy of 1793, but on a much larger and more magnificent scale, and with more destructive consequences. *Sauve qui peut!* Save himself who can! was the universal cry; and the destruction of country paper was so sudden and excessive, that in less than six weeks above seventy banking establishments were swept off."

This (said Mr. B.) is McCulloch's account of the three paper system earthquakes which have taken place since the time of Adam Smith, man- gré all his fine phrases about specie-paying banks, and bank notes equivalent to gold, and convertible into gold at the will of the holder. Three times in twenty-five years has the whole blown up! to say nothing of the crisis of 1797, and the numerous small panics and individual explosions which have filled up the intervals between the large ones. The result is a conviction that banks of issue must be suppressed, directly or indirectly, all over England. The mode proposed, is to require security from them, in addition to their individual liability, and that not the personal security of men, but the real security of lands mortgaged, or government stock pledged. Here is an extract from McCulloch on this point:

"Whatever bank notes may be in law, they are *practically*, and in *fact*, a legal tender. The great mass of the people are totally without the power to refuse them. The currency of many extensive districts consists almost entirely of country notes; and such small farmers, tradesmen, or laborers, as should refuse to take them, would be obliged to migrate elsewhere. There cannot, therefore, as it appears to me, be the shadow of a doubt that this is a case in which Government is imperiously called upon to interfere. We have sustained incomparably more mischief from the issue of spurious paper than from that of base coin; and in order to obviate such mischief in future, and to give that security to the public which is so essential, we have, as was observed before, no alternative, but either to suppress country notes altogether, or to require security from the issuers." "In the case of Bank of England notes, a guarantee is taken by the Government for the notes which the bank issues; and the whole capital of the bank must be lost before the holders of the notes can be sufferers. Why is not the same principle followed with respect to country banks? What objection can there be against requiring of those who take upon themselves the office of furnishing the country with a circulating medium, to deposit with Government an adequate security for the performance of their engagements? In the use of money every one is a trader; those whose habits and pursuits are little suited to explore the mechanism of trade, are obliged to make use of money, and are no way qualified to ascertain the solidity of the different banks whose paper is in circulation; accordingly we find that men living on limited incomes, women, laborers, and mechanics of all descriptions, are often severe sufferers by the failure of country banks, which have lately become frequent beyond all example. Against this mischief the public should be protected by requiring of every country bank (that is to say every bank except the Bank of England, for which the Government is security to the whole amount of its capital) to deposit with Government, or with Commissioners appointed for that purpose, funded property, or other Government security, in some proportion to the amount of their issues. No establishment for the issue of notes could then exist, unless it had been set on foot by individuals possessed of adequate capital. And adventurers, speculating on the funds of others, and sharpeners, anxious to get themselves indebted to the public, would find that banking was no longer a field on which they could advantageously enter."

Mr. B. would economise time and words, and proceed to the practical application of these extracts from the present head of the paper system school in England. *It is a surrender and proposed suppression of all banks of issue except the Bank of England, for which the British Government is the security and the responsible backer.* This is what the original of our paper system, and a far safer system than ours, has come to in England! Given up, and proscribed by the school that founded it, and that school more seriously engaged now in putting down their system than they were fifty years ago in founding

it! And what is the state of things with us? Not only an appalling extension of the paper system through the annual bank incorporations of nearly thirty Legislatures, State and territorial, but this attempt now made in the Senate of the United States to compel the adoption of all the State and Territorial paper systems, existing or to exist, by the Federal Government; and thus to make out of this multifarious mass, a national paper currency. This is the effect: and, without disturbing the States in the use of this paper themselves, Mr. B. confined himself to the question before the Senate, namely, the adoption of the whole of it for the currency of the Federal Government. To this he had insuperable and inexorable objections, founded, *first*, upon the constitution of the United States; and, *next*, upon the unspeakable mischiefs of the scheme. On the constitutional point he would be brief, limiting himself to the words of the instrument, and to Mr. Madison's Commentary.

The constitution says:

Congress shall have power:

"To coin money, regulate the value thereof, and of foreign coin, and fix the standard of weights and measures."

"To provide for the punishment of counterfeiting the securities and current coin of the United States."

"No State shall coin money; emit bills of credit; make any thing but gold and silver coin a tender in payment of debts."

Mr. Madison, in No. 44 of the Federalist, says:

"The loss which America has sustained since the peace, from the pestilent effects of paper money on the necessary confidence between man and man; on the necessary confidence in the public councils; on the industry and morals of the people, and on the character of republican government, constitutes an enormous debt against the States, chargeable with this unadvised measure, which must long remain unsatisfied; or rather an accumulation of guilt, which can be expiated no otherwise than by a voluntary sacrifice on the altar of justice of the power which has been the instrument of it. In addition to these persuasive considerations, it may be observed that the same reasons which show the necessity of denying to the States the power of regulating coin, prove, with equal force, that they ought not to be at liberty to substitute a paper medium in the place of coin. . . . The power to make any thing but gold and silver a tender in payment of debts is withdrawn from the States, on the same principle with that of issuing a paper currency."

Resting the constitutional objection to this adoption of the State paper currencies for the currency of the Federal Government where the constitution and Mr. Madison had put it, and merely referring to the great revenue acts of 1789 and 1800, for the correct exposition of the constitution, in limiting the receipts for the customs and the lands to "*gold and silver coin only*," and "*to specie or evidences of the public debt*," Mr. B. would state the heads, and the heads only, of the objections to the expediency of the measure. Premising that what the Government received, *as cash*, would have to be paid out *as cash*, and that if local paper was received at all, it would soon be received totally and to the exclusion of specie, and that local paper would thus become the actual currency of the Government and the country, until relieved from it by a general explosion, Mr. B. went on to enumerate the practical evils of such an unconstitutional currency.

1. The destruction of the standard, or measure of value. Paper money, neither is, ever was, or ever can be, a standard of value. Its quantity varies at the will of man, or rather at the will of each of the thousand Neptunes who preside over

the ocean of paper; and not only at their will, but without their will, in the mere imprudence or folly of those who direct paper issues, and the thousand causes which operate upon the expansion and contraction of banks. The standard, or measure of value, is at this moment materially altered in the United States. This is seen in the increased price of every article which depends for its price upon the domestic market; and it is proved by the stationary or reduced price of every article which depended for its price on foreign markets. Cotton and tobacco were in this latter class, and had not risen, but rather fallen; all articles of home use and consumption were in the former, and all had risen, some one half, some double. The precious metals, from their uniformity of production, difficulty of suddenly and violently changing the quantity and intrinsic value all over the world, can alone make a standard or measure of value. Our constitution has guaranteed that standard to us; and it is our sacred duty to preserve it. Mr. B. finished his remarks on this point with a quotation from Mr. McCulloch, preferring his authority to others because he was of the paper system school, though now limiting his system to the Bank of England only:

"No doubt has ever been insinuated with respect to the expediency of the regulations by which all weights and measures of the same denomination are rendered equal. But money is not a commodity merely; it is also the STANDARD or MEASURE, adopted by the society by which to estimate and compare the value of every thing else that is bought and sold; and if it be, as it most undoubtedly is, the duty of Government to adopt every practicable means for remedying all foot-rules of the same length, and all bushels of the same capacity, it must be still more incumbent upon it to omit nothing to render money, or the MEASURE of VALUE, a measure which is beyond all question the most important of any used in society, uniform or steady in its value."

2. *Usury.* This, he said, was a direct effect of paper money. The more banks of issue, the higher the rate of interest. Common bank interest in the United States is seven per cent. or more, which is double the rate of interest in Holland, where there is no paper. But common interest is nothing compared to the usury which ensues great banking, and which becomes enormous when banks, from necessity or mischief, stop discounts and throw borrowers upon money dealers. Three per cent. discount per month is then the order of things; and this may now be seen in Philadelphia, where the United States Bank, with its thirty-five millions capital, on becoming a State institution, was to fill the State with money and reduce interest to five per cent. But that bank does lend to some borrowers at five per cent. or less. The correspondence of the commissioners employed in examining the state of the bank, preparatory to the settlement of the value of the United States stock, shows a mass of loans to the amount of 20,337,136 00 of dollars, on extended or indefinite time, and at rates from 4½, 5, 5½, to 6 per cent. per annum. No doubt many of the three per cent. per month borrowers get their supplies from a part of those loans.

3. *Panics, convulsions, and stoppages.* These (said Mr. B.) are inherent in the paper system. They take place in England in defiance of all power in the Government and the banks themselves to keep them down. There, no panics are perpe-

trated to scourge the country, or to upset the Government, save and except the two political ones lately seen, Mr. O'Connor's, and the one during the interregnum of Lord Grey's administration. But here, panics are the regular work of banks and politicians, and are now looked for whenever an important election is depending, or Congress is to be excited.

4. *The expenses of the paper system.* This was probably greater at present than the expenses of the Federal Government, and the whole a tax upon the productive classes. The number of banks was about one thousand; each bank had its officers, and they their salaries; each had its stockholders, and they their profits. Then came losses for broken banks, counterfeits and depreciated paper; and changes in the value of property from expansions and contractions of the currency. These expenses and losses were the price paid by the people for a paper currency; when they can get constitutional currency from the mints, without paying salaries, furnishing profits, or sustaining losses, if paper was checked and confined to large notes.

5. *Stock gambling, forgeries, banishment of all gold and silver,* were all great evils inherent in the paper system, and too obvious to need, or even to endure, commentary. Mr. B. therefore, barely named them, and left every one's knowledge and memory to do the rest.

Mr. B. approached the conclusion of his remarks on this great subject. It was indeed a great subject, involving that momentous question, the national currency. The Treasury order was a measure of regulation upon the State banks, intended to save the finances, and the currency, as well as the public lands. The Bank of the United States regulated the State banks by the simple process of excluding their paper from the federal receipts and expenditures; and this was effected by the 24th and 25th articles of the by-laws of the corporation already read. She excluded them to make room for her own notes; and this was the extent of her skill, and of her merit, in all this boasted regulation of local currencies of which we hear so much. The Federal Government has only to do the same, and the State bank issues are repelled upon their sources, and become comparatively harmless. It is receivability for federal dues; it is receivability at the land offices, custom-houses, and post offices, which gives them wings to fly over the continent, and enables them to pass without regard to the credit or solvency of the bank from which they come. It is the Federal Government endorsement which does the mischief; and this endorsement, for all the purposes of false credit, and want of responsibility, is given to the whole issue of every bank whose paper is made receivable for public dues. The experiment has been tried, and local paper has failed as a national currency, and out of that failure arose the second United States Bank. It will fail again! and again! and forever! There is no safety for the federal revenues, but in the total exclusion of local paper, and that from every branch of the revenue—customs, lands, and post office. There is no safety for the national finances, but in the consti-

tutional medium of gold and silver. After forty years of wandering in the wilderness of paper money, we have approached the confines of the constitutional medium. Seventy-five millions of specie in the country, with the prospect of annual increase of ten or twelve millions for the next four years, three branch mints to commence next spring, and the complete restoration of the gold currency, announce the success of President Jackson's great measures for the reform of the currency, and vindicate the Constitution from the libel of having prescribed an impracticable currency. The success is complete; and there is no way to thwart it, but to put down the Treasury order, and to reopen the public lands to the inundation of paper money. Of this, it is not to be dissembled, there is great danger. Four deeply interested classes are at work to do it; speculators, local banks, United States Bank, and politicians out of power. They may succeed, but he, Mr. B. would not despair. The darkest hour of the night is just before the break of day; and, through the gloom ahead, he saw the bright vision of the constitutional currency, erect, radiant, and victorious. Through regulation, or explosion, success must eventually come. If reform measures go on, gold and silver will be gradually and temperately restored; if reform measures are stopped, then the paper system runs riot, and explodes from its own expansion. Then the Bank of the United States will exult in the catastrophe, and claim its own re-establishment, as the only adequate regulator of the local banks. Then it will be said the specie experiment has failed. But no. The contrary will be known; that the specie experiment has not failed, but it was put down by the voice and power of the interested classes, and must be put up again by the voice and power of the disinterested community.

APPENDIX TO MR. BENTON'S SPEECH.

I. That the banks themselves, by contractions and expansions of the currency, lead to fluctuations which affect the prices of produce and property, and beget panics.

1. Extract from the testimony of Joseph C. Dyer, Esq. Director of the Bank of Manchester, taken before Lord Althorpe's committee:

"The Bank of England, the cause of fluctuations and panics."—"The bank has been the cause of the panics. Their manner of issuing and withdrawing the Bank of England paper, produces those continued fluctuations, at short periods, which affect the prices in the market, and thereby affect trade. Those issues, sometimes in a single week, vary three or four millions. The bank may be necessitated to do so, but such a necessity is that of inflicting a great evil on the country. The returns of the weekly issues from the 28th of December, 1819 to February 4th, 1826, prove witness's statement.

"The reason why it is necessary to make an alteration in the banking system of Lancashire, is, that the circulation by the Bank of England subjects the trade to fluctuations, and exercises a pernicious influence over the destinies of commerce. This expansion and contraction of the circulation induce similar effects to a ruinous extent. All the periods of panic may be attributed to that power exercised in secret, and of which the public can have no knowledge, until it has accomplished its results. It stimulates over-issues in the country, raises and lowers the value of money capriciously, and erects its own security on the insecurity of country bankers. Such a company, possessing such influence so exercised, is a dangerous company; and plans can

be devised to procure a better circulation than the present, in which there is neither stability nor steadiness."

2. Extract from the preface to the digest of evidence taken before Lord Althorpe's committee in 1832:

"The records of past history have invariably designated a time of peace as one of prosperity and happiness. But ever since the last war, the different great interests of this country have been in a continued state of fluctuation between the extremes of prosperity and adversity; though the latter has unfortunately predominated. * * * In the beginning of that year, (1825,) every class of the community was doing well, if not in a state of great prosperity. But a change took place in the currency, by the Bank of England contracting their issues. The general prosperity, without any other visible cause, immediately received a check; and as the Bank continued to contract their issues, matters became worse, until they ended in the panic. By this a total derangement of the monetary system was occasioned, and every class of the community was thrown into a state of embarrassment; the injurious and depressing effects of which continued for some years, and this without any other apparent cause than the monetary derangement which had occurred." * * * "An undue issue of four or five millions by the Bank, (of England,) would eventually make an extraordinary derangement in the value of all the property in the kingdom, and be productive of infinite mischief in a variety of ways."

3. Further extract from the testimony of J. C. Dyer, Esq.

"I think the banks, so far from having saved the country from the effects of those panics, have been the cause of those panics; and that they have been the cause of a constant succession of little panics, continually annoying the commerce of the country, by monthly and weekly fluctuations."

4. Extract from the testimony of Benjamin J. Smith, Esq. a director of the Bank of Manchester, before Lord Althorpe's committee:

"The supply of the circulation by the Bank of England subjects our trade to great and injurious fluctuations, owing to what is called a scarcity of money, arising from causes of which the public, who are deeply interested in that question, can have no knowledge. The objections to the existing system are, that the Bank of England has a secret and despotic influence and control over the destinies of our commerce, which we feel to be a most pernicious one."

II. No local banks of issue in the great county of Lancashire, including Liverpool and Manchester. Inland bills of exchange used in large dealings; gold in the common transactions.

1. Extract from the evidence of J. C. Dyer, Esq. a director of the Bank of Manchester, before Lord Althorpe's committee:

"The bankers in Manchester who can, do not, issue notes in consequence of the strong feeling that prevails in Lancashire against local paper. There were two occasions when that feeling was publicly expressed; first, in 1834, and next when the Bank of Manchester was formed. Bankers who intended to issue notes abandoned their intention, from a conviction that they could not, under any such circumstances, derive any profit from the issue."

2. Extract from Mr. McCulloch's Notes on Adam Smith's work:

"The principal distinction between notes and bills of exchange is, that every individual passing a bill of exchange has to endorse it, and by so doing makes himself responsible for its contents. Nothing can be more inaccurate than to represent bank notes and bills of exchange under the same point of view. The note is payable on the instant, without deduction—the bill not until some future period. The note may be passed to another, without incurring any risk or responsibility while every endorser of the bill makes himself liable for the value of it. Bank notes form the currency of all classes, of those who are not engaged in business, of women, children, laborers, &c. who are all, as we have seen, without the power to refuse them, and without the means of forming any correct conclusion as to the solvency of the issuers. Bills of exchange, on the other hand, pass only, with very few exceptions, between persons engaged in business, and who are fully aware of the risk they run in taking them."

3. Further extract from McCulloch's notes:

"The effect produced by the employment of internal bills of exchange, have not certainly excited that attention on the part

of most of those who have speculated on the subject of currency, that might reasonably have been expected; but this seems to have arisen chiefly from their having been but very imperfectly aware of the vast magnitude of the transactions settled by their intervention, and of the extent to which they are employed. In the great manufacturing county of Lancashire, and in part of Yorkshire—a bill on London at three months is reckoned a money payment; and by far the largest proportion of the currency consists either of the bills of bankers drawn on their correspondents, or of those of the merchants and dealers scattered up and down the country. The following extracts from the evidence given before the committee of the House of Lords on Scotch and Irish currency, in the session of 1826, show the great extent to which internal bills are now employed. *Mr. Gladstone*, an eminent merchant of Liverpool, informed the committee that, 'We sell our goods, not for payments in cash, such as are usual in other places, but generally at credits from ten days to three months date; these bills we pay to our bankers, and receive from them bills or cash. We have a considerable portion of large Bank of England notes in circulation; these are generally used for the payment of duties, and also for the purpose of remittance; but the great mass of our circulation is in bills of exchange. Sovereigns and smaller bank notes are only required for such objects as charges of merchandise, with duties, freights, and other items.' *Lewis Lloyd, Esq.* 'The wages of workmen are paid in gold or Bank of England notes; the manufacturer is chiefly paid in bills of exchange. When a bill is drawn in favor of a manufacturer, he endorses it to the person to whom he pays it, and the person to whom he pays it pays it again to another; and it goes on often till it is covered with endorsements. *Mr. Henry Burgess*, a manufacturer at Leeds: "The great mass of the circulating medium of Lancashire, as in all the manufacturing districts in the north, is bills of exchange: a part of the circulation is in gold and silver, and Bank of England notes."

III. Suppression of all banks of issue in England, except the Bank of England, directly by law, or indirectly, by compelling them to give security for their issues.

1. Extract from *Mr. Culloch's* notes on *Adam Smith*:

"It seems, therefore, to be indispensable, either that the country banks should be compelled, as has been previously proposed, to give full security for their issues, or that their paper should be suppressed altogether, and the paper of the Bank of England, substituted in its place. Now, it is obvious, and is indeed universally admitted, that the only measure that can be adopted for guarding completely against the misconduct, as well as the bad faith of the country bankers, is to compel them to give full security for the payment of their notes. This, and this alone, can afford a sufficient guarantee to the public that the country paper in circulation will be returned when presented for payment, and that it is really equivalent to gold."

"Every country banker, on applying for stamps, should be required, and obliged, previously to obtaining them, to lodge in the hands of Government, securities in stocks or in landed estates, fully equivalent to the amount of the stamps issued to him."

2. Extract from the testimony of *Henry Burgess, Esq.* Secretary of the Committee of Country Banks, representing seven-eighths of the bankers in England, who have resolved to relinquish their circulation, rather than give security for it:

"The only strong opinion to which the committee have come, is, that of securities for their issues were demanded, they would relinquish their issues altogether. That resolution was embodied in a petition to Parliament. The chief reason why country bankers would cease to issue notes, if called upon for securities, is, that it would be giving a preference to one class of creditors over another; besides, giving securities would be locking up their money in the funds, which money would thus be unavailable, and be also placed at risk. So they would prefer to give up their circulation."

IV. Extract from the report of the commissioners appointed on the part of the United States to examine into the debts and affairs of the Bank of the United States, to ascertain the value of the stock, showing above twenty millions of loans at low interest for long terms, or indefinite terms, and explaining the reason why borrowers in Philadelphia are thrown upon brokers at two and three per cent. discount per month.

1. Statement of the debts of the Bank of the United States, &c. on the 3d March, 1836:

NOTES DISCOUNTED.			
A. On bank stock	at 6 pr. ct.		1,291,915 72
B. On various stocks and other securities	do.		4,061,553 71
LOANS DRAWING INTEREST.			
C. On bank stock	at 5 pr. ct.		1,294,800 00
D. On do.	6 do.		466,300 00
E. On various stocks and other securities	4 do.		250,000 00
F. do.	4½ do.		652,818 63
G. do.	5 do.		4,551,865 65
H. do.	5 do.		1,324,100 00
I. do.	5 do.		1,000,000 00
K. do.	5 do.		355,500 00
L. do.	5½ do.		474,600 00
M. do.	6 do.		1,296,678 00
N. do.	6 do.		3,317,605 09

Total as above, 20,337,136 80

The length of time for which some of these loans are made, is thus stated in the report:

5 per cent. C, due 24th August, 1837.
 6 per cent. D, "when due immaterial."
 4 per cent. E, due 21st November, 1840.
 4½ per cent. F, due 1st April, 1838.
 5 per cent. G, due 15th March, 1838.
 5 per cent. H, due 8th October, 1838.
 5 per cent. I, due 1st December, 1855.
 5 per cent. K, "time of payment indefinite."
 5½ per cent. L, due 12th January, 1838.
 6 per cent. M, "when due immaterial."
 6 per cent. N, "when due immaterial."

2. Statement of loans from the Bank of the United States to *Thomas Biddle & Co.* in the years 1830, '31, '32, taken from the report of *Mr. Clayton's* committee of 1832, and now to be referred, as illustrative of some of the above loans on stocks or personal security:

Year.	Month.	Paper.	Discounter.	Rate.
1830	Sept. 17	\$144,950	\$220,000	5 per cent
	Oct. 15	1,131,672	1,123,100	5 do
	Nov. 16	737,112	730,000	5 do
	Dec. 14	737,012	730,000	5 do
1831	Jan. 14	722,300	720,000	5 do
	Feb. 15	540,400	540,400	5 do
	March 15	400,000	400,000	5 do
	April 15	480,000	480,000	5 do
	May 17	443,098	443,138	4½ & 5
	June 14	571,178	557,968	do
	July 15	501,162	504,912	5 do
	Aug. 16	573,912	579,912	5 do
	Sept. 16	573,912	683,995	5 & 6
	Oct. 14	580,000	698,727	do
1832	Nov. 15	580,000	752,647	do
	Dec. 16	580,000	689,125	do
	Jan. 17	580,000	652,388	do
	Feb. 17	467,766	488,328	5 do

3. Further extract from *Mr. Clayton's* report of 1832, to illustrate the conduct of the Bank of the United States in loaning much to the few, and little to the many, and explanatory of the present condition of the money market in Philadelphia, where small borrowers for short terms pay 3 per cent. per month discount for money, which may have come from the Bank of the United States to a

*These are the words of the Bank statement.

Large borrower on a term of years, or indefinitely,
or on immateriality of time:

April, 1832, loans to 72 persons,	\$2,404,278
“ do 19 do	1,274,882
“ do 3 do	341,729
“ do 4 do	995,456
“ do 1 person,	417,766
<u>Totals, 99 persons,</u>	<u>\$5,434,111</u>

Whole amount of loans discounted at the same
time - - - - \$5,964,085
Of which to 99 persons - 5,434,111

To all other persons, \$529,974

These are the loans of the *National Bank* at
Philadelphia, April, 1832.





